

Summary of FSC Complaint Against Alas Kusuma

Filed by Mighty Earth in August of 2023

Objectives of the Complaint

- Firstly, Alas Kusuma group needs to immediately stop converting forests and high conservation value forests (including peatlands) into plantations, which is a requirement of the FSC Policy for Association.
- Secondly, to demonstrate that the Alas Kusuma Group has extensively violated the FSC Policy for Association (Version FSC-POL-01-004 V2-0 EN) through the '*significant conversion of forests to plantations*', '*destruction of high conservation values in forestry operations*' and '*violation of traditional and human rights in forestry operations*'. Alas Kusuma Group should then remediate for its non-compliance with FSC Policy for Association (Version FSC-POL-01-004 V2-0 EN).
- Thirdly, the Alas Kusuma group may also be in violation of FSC Policy for Association Version FSC-POL-01-004 V3-0 EN, which came into force on 1 January 2023. This should be the subject to an investigation by the FSC or a third-party assessor.

Background & FSC Certification

- The Indonesian-based Alas Kusuma group of companies ("Alas Kusuma Group") is one of the largest holders of forestry concessions in Indonesia. According to a 1999 report by David Brown, a consultant to the UK Department for International Development (DFID), in 1994/1995 the Alas Kusuma Group held 26 logging concessions in Indonesia covering 3.3 million hectares.
- The Alas Kusuma Group first received FSC certification in September 2007 via one of its Group entities, PT Sari Bumi Kusuma. Hence, the Alas Kusuma Group's compliance with the FSC Policy for Association started from July 2009, when the FSC Board approved Part 1 of the FSC Policy for Association.
- The Alas Kusuma Group holds 318,900 hectares of logging concessions that are certified under the FSC system, via PT Sari Bumi Kusuma and PT Suka Jaya Makmur which hold Forestry Management certificates. This represents around 10% of the total FSC-certified forest area in Indonesia.

Violation of FSC Policies

The allegations made in this FSC Policy for Association complaint are related to two Alas Kusuma Group companies which were '*directly involved in unacceptable activities*' during the period January 2016 to December 2022: This period is covered by FSC Policy for Association Version FSC-POL-01-004 V2-0 EN.

The main three categories of unacceptable activities are:

- Significant conversion of forests to plantations or non-forest use;
- Violation of traditional and human rights in forestry operations;
- Destruction of high conservation values in forestry operations

Table 1: FSC certification status of Alas Kusuma Group companies included in the complaint

	Company	Business Operation	FSC Certificate Code(s)	Type of FSC Certificates
1.	PT Harjohn Timber	Logging and timber processing	NC-COC-001618	Chain of Custody (CoC)
2.	PT Sari Bumi Kusuma	Logging and timber processing	NC-COC-001617; NC-FM/COC-002645	Chain of Custody (CoC), Forest Management (FM)
3.	PT Suka Jaya Makmur	Logging, timber processing and oil palm operation	CU-FM/COC-812699	Forest Management (FM)
4.	PT Wanasokan Hasilindo	Logging	CU-CW/FM 819678 (terminated in 2016)	Controlled Wood (CW)/Forest Management
4.	PT Mayawana Persada	Industrial timber plantation	No	-
5	PT Kusuma Alam Sari	Oil palm operation	No	-

FSC Policy for Association ‘Unacceptable activity’ category: ‘Significant conversion of forests to plantations’

- The Mighty Earth complaint alleges that the Alas Kusuma Group companies are responsible for the ‘Significant conversion of forests to plantations’ in the PT Mayawana Persada (timber plantation) and PT Kusuma Alam Sari concessions (oil palm plantations), in West Kalimantan, Indonesia.

Summary of estimates for PT Mayawana Persada and PT Kusuma Alam Sari, Mighty Earth conducted satellite image-based analysis for PT Mayawana Persada and PT Kusuma Alam Sari concessions and concluded that:

- An estimated ~19,649 hectares (ha) of forest conversion took place between January 2018 and December 2022 (i.e. violation of FSC sub-Policy for Association category: ‘Conversion of more than 10,000 ha of forests under the organization’s responsibility in the past 5 years’);
- An estimated ~16,738 ha of forest conversion took place within mapped orangutan habitat (as published by the Indonesian Ministry of Environment and Forests, 2017) between January 2016 and December 2022 (i.e. violation of FSC sub-Policy for Association category: ‘Conversion of High Conservation Value Forests’)
- An estimated ~8,706 ha of forest conversion took place on carbon-rich peatlands between January 2016 and December 2022 (i.e. violation of FSC sub-Policy for Association category: ‘Conversion of High Conservation Value Forests’)

FSC Policy for Association ‘unacceptable activity’ category: ‘Destruction of high conservation values in forestry operations’

- As highlighted in section 2a above, large areas mapped as peatland forest and orangutan habitat/forest have been converted to plantations in the PT Mayawana Persada concession. Further, section 2b above highlights social conflicts with local communities.

- The scope of this ‘unacceptable activity’ covers both the destruction of High Conservation Value Forests (HCVFs) and the destruction of High Conservation Values in non-forest areas, this would include HCV5 and HCV6 areas/resources outside of forest areas that have been impacted by the development of the PT Mayawana Concession (e.g. community crops, gardens, fishing and hunting areas)
- Mighty Earth asserts that a credible independent third-party assessment would likely conclude that the plantation development by PT Mayawana Persada has led to the ‘*Destruction of high conservation values.*’

Methodology for Calculating Forest Conversion

The forest conversion figures above were determined using the following methods:

Forest

- For the period between January 2016 and December 2017, the Indonesia’s Ministry of Environment and Forestry 2016 forest cover map was used as a base-map to calculate forest conversion;
- For the period between January 2018 and December 2020, the Indonesia’s Ministry of Environment and Forestry 2018 forest cover map was used as a base landcover map to calculate forest conversion;
- For the period between January 2021 and December 2022, the Indonesia’s Ministry of Environment and Forestry 2020 forest cover map was used as a base landcover map to calculate forest conversion;

Forest Peatland

- Indonesia’s Ministry of Environment and Forestry 2020 peatland map was used as a base landcover map to calculate forest conversion in carbon-rich peatland areas.

Orangutan habitat

- For the period between January 2018 and 2022, orangutan habitat data (as published by the Ministry of Environment and Forestry, 2017) was used as a base landcover map to calculate forest conversion of orangutan habitat.

Forest Conversion

- For the period between January 2016 and December 2022, forest conversion figures were calculated using gross ‘Tree Cover Loss’ data with more than 75% tree canopy density in areas mapped as forest and/or peatland and/or orangutan habitat as highlighted above.
- Planet high resolution satellite imagery (3metre resolution) was used to verify forest areas and forest conversion areas.

Evidence of Policy Violation for PT Mayawana Persada

Table 2: Forest conversion in PT Mayawana Persada concession (timber plantations), West Kalimantan

Policy for Association category	Forest conversion in PT Mayawana Persada Concession	Time period: Total hectares
Conversion of more than 10,000 ha of forests under the Organization's responsibility in the past 5 years	Forest conversion *forest as mapped by the Indonesian Ministry of Environment and Forestry)	Jan 2018-Dec 22 (last 5 years): ~19,336
Conversion of High Conservation Value Forests	Forest conversion of orangutan habitat *orangutan habitat as published by the Indonesian Ministry of Environment and Forests and PHVA, and forest as mapped by the Indonesian Ministry of Environment and Forestry.	Jan 2016-Dec 22: ~15,640
Conversion of High Conservation Value Forests	Forest conversion in carbon-rich peatland areas *peatland areas as mapped by the Indonesian Ministry of Environment and Forestry	Jan 2016- Dec 22: ~7,310

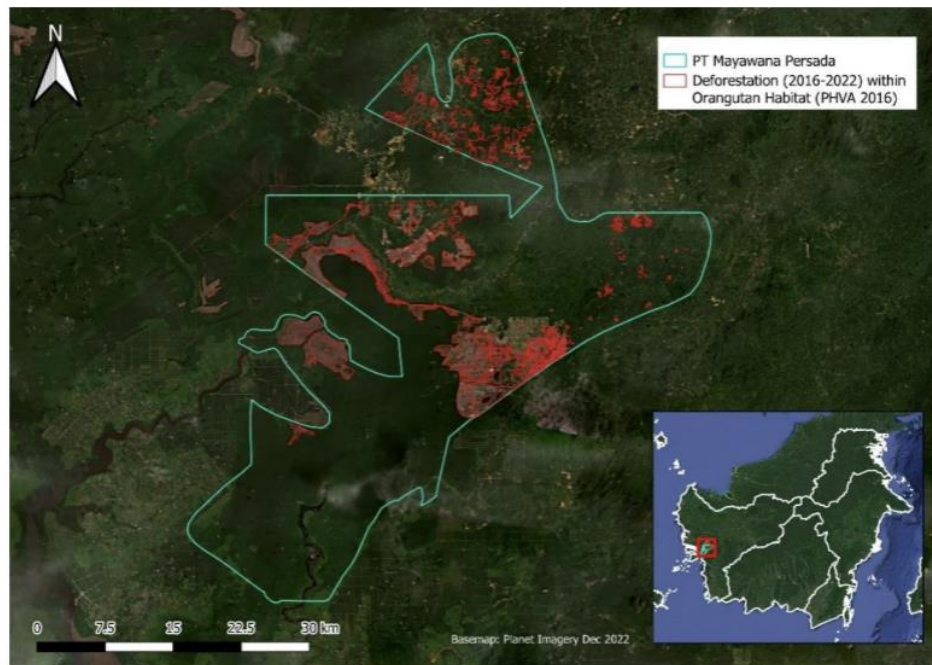
Table 3: Landcover of PT Mayawana Persada concession in West Kalimantan, before forest conversion

Category	Total area (ha)	Percentage of concession area
Concession area	138,710	100%
Forest in 2016, as mapped by the Indonesian Ministry of Environment and Forestry	88,100	63.5%
Orangutan habitat, as published by the Ministry of Environment and Forestry (2017)	89,410	64.4%
Carbon-rich peatland areas, as mapped by the Indonesian Ministry of Environment and Forestry	83,060	59.9%

Carbon-rich Peatland Forests

Another assessment indicated that nearly half (48%) of concession area is secondary swamp forest (i.e. peatland forests), as of August 2013.

Figure 1: Forest conversion of Identified Orangutan Habitat in the PT Mayawana Persada concession, West Kalimantan: Jan 2016-Dec 2022 (forest conversion areas shown in red)



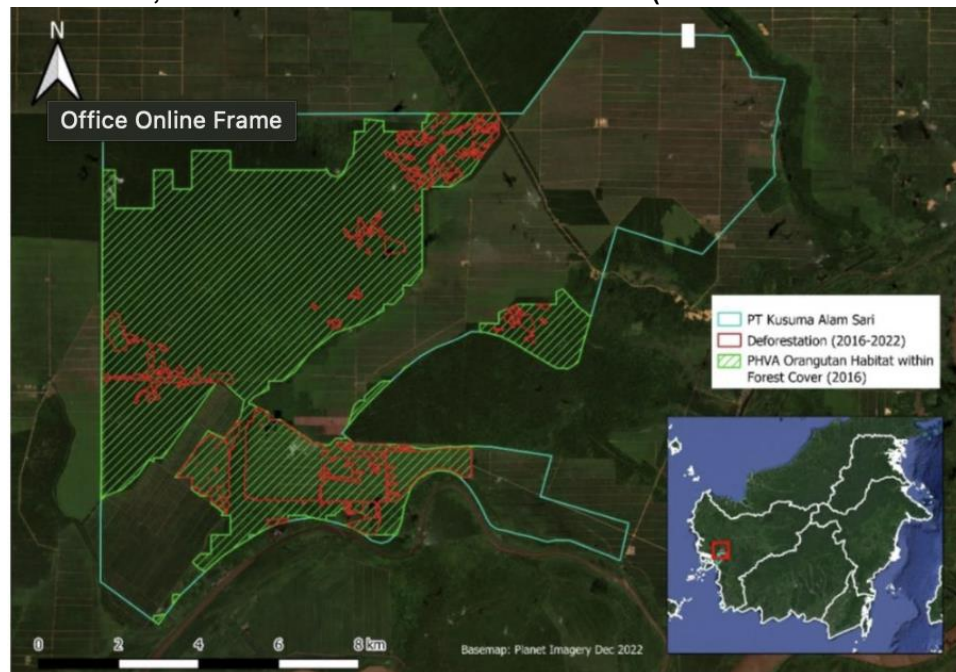
Evidence of Policy Violation for PT Kusuma Alam Sari concession

Table 4: Forest conversion in the PT Kusuma Alam Sari concession (oil palm plantation), West Kalimantan.

FSC Policy for Association category	Forest conversion in PT Kusuma Alam Sari Concession	Time period: Total hectares
Conversion of more than 10,000 ha of forests under the organization's responsibility in the past 5 years	Forest conversion * forest as mapped by the Indonesian Ministry of Environment and Forestry	Jan 2018- Dec 21: 313
Conversion of High Conservation Value Forests	Forest conversion of orangutan habitat *orangutan habitat as published by the Indonesian Ministry of Environment and Forests, PHVA 2017, and forest as mapped by the Indonesian Ministry of Environment and Forestry)	Jan 2016- Dec 21: 1,098

Conversion of High Conservation Value Forests	Forest conversion in carbon-rich peatland areas *peatland areas as mapped by the Indonesian Ministry of Environment and Forestry	Jan 2016- Dec 21: 1,396
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Figure 2: Forest conversion of mapped Orangutan Habitat in the PT Kusuma Alam Sari concession, West Kalimantan: Jan 2016- Dec 2022 (forest conversion areas shown in red)



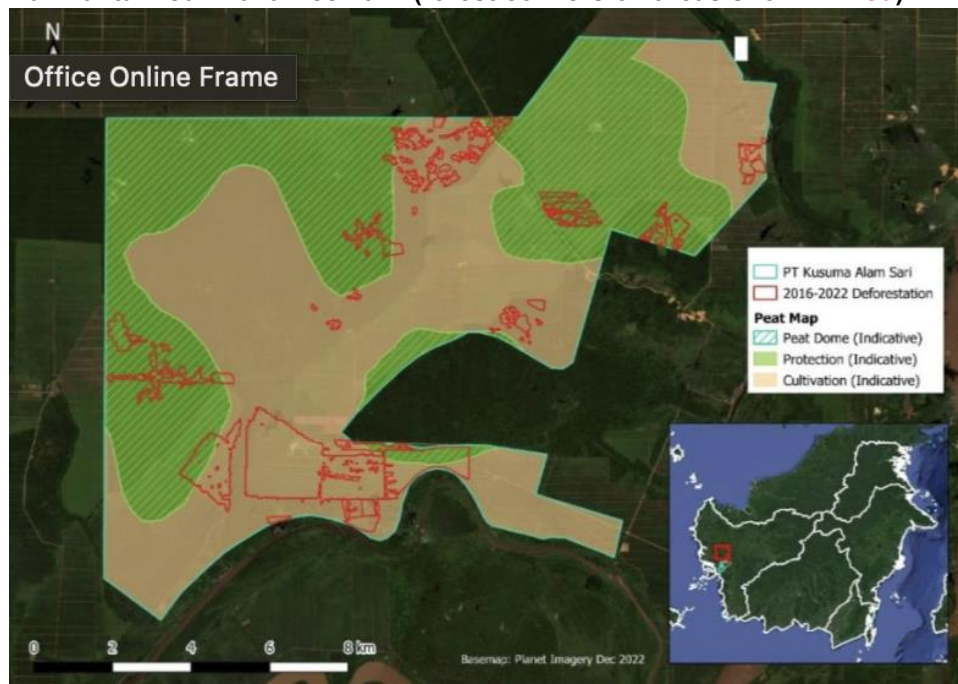
Orangutan Population and Habitat Viability Assessment (PHVA), 2017

In 2017, the Indonesian Ministry of Environment and Forestry published an updated 'Orangutan Population and Habitat Viability Assessment (PHVA)',¹⁶ which was produced in collaboration with the IUCN SSC Primate Specialist Group, the IUCN SSC Conservation Breeding Special Group, Forum Orangutan Indonesia and the Orangutan Foundation UK.

The 2017 PHVA report¹⁷ states the 'resulting assessment, which is documented in this report, will provide important input for the revision of the national conservation strategy and action plan.'

The shapefiles resulting from the 2017 PHVA assessment were used to determine forest conversion of orangutan habitat in the PT Mayawana Persada and PT Kusuma Alam Sari concessions (Jan 2016-Dec 2022).

Figure 3: Forest conversion of peatland in the PT Kusuma Alam Sari concession, West Kalimantan: Jan 2016-Dec 2022 (forest conversion areas shown in red)



Social Conflicts

FSC Policy for Association ‘unacceptable activity’ relevant categories for assessment by the FSC: ‘Violation of traditional and human rights in forestry operations’; ‘Conversion of High Conservation Value Forests (HCV5/6) and ‘Destruction of high conservation values in forestry operations’ (HCV5/6)

According to the sources below, the development of the PT Mayawana Persada timber concession has led to social conflicts with the local Indigenous communities, known as Dayak (or the Indigenous People of Borneo).

In June 2023, researchers from the Japanese NGO, JATAN, conducted a field investigation, interviewing local Indigenous communities – the Benua Kualan Hilir - related to the social and land rights conflicts in the PT Mayawana Persada concession.

JATAN has kindly provided Mighty Earth with a copy of its published findings in English as evidence to support this FSC complaint ([linked here](#)).

The JATAN report highlights two social conflicts:

Social Conflict 1:

- Location: Dusun Lelayang, Desa Kualan Hilir, Kecamatan Simpang Hulu, Kabupaten Ketapang
- The JATAN report starts the case by asserting: ‘A fierce internal dispute over boundary between two neighboring communities has been ongoing since last year: Dusun Pantan, Desa Sebomban has already signed an agreement with MP [PT Mayawana Persada], while Dusun Lelayang, which is complaining about MP’s [PT Mayawana Persada] blatant violation of their customary rights, has been destroyed by MP [PT Mayawana Persada] security personnel around December 2022, after its residents had been growing rice, oil palm, rubber, cassava, jengkol, jackfruit, and other fruits within the concession. MP [PT Mayawana Persada] has been providing infrastructure and other assistance to Dusun Pantan who have given their consent. According to the residents of Dusun L [Lelayang], they had never transferred their customary land, including their farmland,

to the company, and their farmland was unilaterally burned to the ground without their consent or even consultation.'

Further references to Social Conflict 1 outlined above:

- Letter from PT Mayawana Persada to Indigenous community in Kulan Hilir Village.
 - Location: Kulan Hilir Village, Ketapang Regency, West Kalimantan.
 - On 4 July 2022, PT Mayawana Persada sent a letter to the indigenous community in Kulan Hilir Village. (copy attached in Bahasa, with an English translation)
 - The letter states:
 - 'Through this letter, we, PT Mayawana Persada, inform you that we will carry out land preparation work and carry out land clearing activities for timber plantation in forest areas that are currently still controlled by the community.
 - It should be noted that the forest area is controlled by the community and does not want to hand over the forest area to the company to be used as a timber plantation, therefore the company will take steps to continue working on the forest area.
 - The legal basis for PT. Mayawana Persada doing this work is that the land controlled by the community is located in a production forest area and or forest cultivation area according to PT Mayawana Persada's IUPHHK-HTI permit issued by the Minister of Forestry of the Republic of Indonesia Number: SK.723/Menhut-II/2020.'
 - The above letter assumes that PT Mayawana Persada has not obtain the Free and Prior Informed Consent (FPIC) from the relevant communities.
- Letter from Government of Ketapang District to PT Mayawana Persada
 - Location: Sekucing Kulan Village, Kulan Hilir Village, and Kampar Sebomban Village
 - On 19 August 2022, the Government of Ketapang District sent a letter to PT Mayawana Persada (attached letter in Bahasa, with English translation). The key points being (in English):
 - 'Based on the data collected from field inspection results, information was obtained that the distribution of several checkpoint coordinate points was within the concession area of the Business Permit for Utilization of Timber Forest Products for Industrial Plantation Forest (IUPHHK-HTI) on behalf of PT. Mayawana Persada, according to the Decree of the Minister of Forestry Number SK.723/Menhut-II/2010.
 - Currently the Ketapang Regency Government through the District PPB Team, is trying to resolve the problem of boundary disputes between Sekucing Kulan Village, Kulan Hilir Village in Simpang Hulu Subdistrict and Kampar Sebomban Village in Simpang Dua Subdistrict, which is currently in the field data analysis stage to then be continued with the PPB Village Team meeting activities, to decide on the boundaries of the 3 (three) villages, as stipulated in the Minister of Home Affairs Regulation Number 45 of 2016, concerning Guidelines for Determining and Affirming Village Boundaries.
 - In connection with points 1 (one) and 2 (two) above in order to maintain conduciveness, security and order around the 3 (three) locations of the villages, especially in the IUPHHK-HTI concession area of PT. Mayawana Persada, who is in an area where the boundaries of these villages are disputed by the 3 (three) villages, we request that PT. Mayawana Persada can temporarily stop land clearing activities, and can reschedule after the boundary dispute is decided by the Ketapang Regency Governmentt
 - While waiting for the company's activities to be rescheduled, PT. Mayawana Persada can carry out persuasive outreach to the community about the company's activity plans around the disputed village boundary area or can divert physical activities in the land clearing field to other areas where there are no problems.

- The above letter also assumes that PT Mayawana Persada has not obtain the Free and Prior Informed Consent (FPIC) from the relevant communities.

Social Conflict 2:

- Location: Dusun Gensaok, Desa Kualan Hilir, Kecamatan Simpang Hulu, Kabupaten Ketapang
- The JATAN report starts the case by asserting: *'In Simpang Hulu District, there is an indigenous customary forest (hutan adat) called Tonah Colap Torun Pusaka (TCTP), whose customary rights, including land rights, are recognized as belonging to the local indigenous community Benua Kualan Hilir (Nomor Surat: 01/LPA/MAKM/12/02). Since then, it has been carefully protected in accordance with strict adat laws. TCTP, which is also a water catchment forest (hutan lindung) essential for the livelihood of the local people, has strict rules even for the cutting of a single tree. However, just on the other side of this mountain is a vast MP [PT Mayawana Persada] concession. In June 2020, MP [PT Mayawana Persada] began clear-cutting the native forest, which continued until May 2023.'*
- **Protest by Indigenous Peoples' Alliance of the Archipelago (AMAN) related to the Tonah Colap Torun Pusaka (TCTP) area highlighted above.**
- In June 2023 the Indonesian NGO AMAN (Indigenous Peoples' Alliance of the Archipelago), whose members are from Indigenous communities, asserts that PT. Mayawana Persada has cleared the customary forests (known as '*Tonah Colp Torun Pusaka*') of the Dayak Benua Kualan Hilir Indigenous people. This includes:
 - 1,600 hectares of Serangkang Hill, located on the bank of the Kualan river;
 - 1,200 hectares of Sabar Bubu Hill, located on the Sabarbabu and Tot Urat rivers;
 - 850 hectares of Single Hill, located on the Gensali river.
- The photograph below from the AMAN website was taken inside the PT Mayawana Persada concession on 21 May 2023. Geo-coordinates are provided in the image.



- The AMAN statement asserts that the community had '*sent a letter of notification to the company [PT Mayawana Persada] in which they refused and did not accept the presence of PT Mayawana Persada at Tonah Colap Torun Pusaka.*'
- The AMAN statement asserts that a land dispute settlement agreement was made in May 2020 between PT Mayawana Persada and the Indigenous communities, whereby a customary event

was attended by officials from the Head of Kualan Hilir Village, the Dayak Simpang Hulu Customary Council, and representatives of the Indigenous Officials and Management of PT. Mayawana Persada. The event resulted in an agreement between the Indigenous Peoples and PT. Mayawana Persada. As a result of the 2020 agreement, AMAN claim that the *'land was returned to the Indigenous Peoples.'* However, as indicated in the JATAN report referenced above, PT Mayawana Persada subsequently cleared the area.

Ownership Structure of Alas Kusuma Group

All the Indonesian company ownership profiles used to support this complaint were obtained by Mighty Earth from the Indonesian Ministry of Law and Human Rights. The profiles cover the shareholder information from the first date of registration of the company to the time of the purchase of the said profile (i.e. up until 20 July 2023).

Our research shows that between 2016 and 2022 the Alas Kusuma Group companies (PT Harjohn Timber, PT Sari Bumi Kusuma, PT Suka Jaya Makmur, PT Kusuma Alam Sari and PT Mayawana Persada) were all ultimately controlled (> 80% of shares) by an elderly Chinese businessman known as 'Suhadi' (age 97, born in China) and his immediate family members: Amin Susanto (Suhadi's son, age 66), Iwan Susanto (Suhadi's son, age 63), Jeffrey Susanto (Suhadi's grandson, age 31) and Nani Susanto (assumed Indonesian wife of Suhadi, 91).

The company ownership profiles show that Suhadi and his family members are all registered at the same residential address i.e. B/1 or B/2, Jalan Kayu Putih Tengah II, Jakarta.



A rare public photograph of Suhadi is published on the website of Alas Kusuma Group's property development company, Alas Kusuma Land.

Suhadi and his two sons (Amin and Iwan Susanto) are known to have other business interests, beyond those companies named in this complaint. For example, they are named in the 'Panama Papers' as shareholders in a British Virgin Islands offshore company called First Asset Management Ltd.

The relevant Policy for Association requirement for this complaint is the following:

- ***'Indirect involvement:*** Situations in which the associated organization or individual, with a minimum ownership or voting power of 51%, is involved as a parent or sister company, subsidiary, shareholder or Board of Directors to an organization directly involved in unacceptable activities. Indirect involvement also includes activities performed by subcontractors when acting on behalf of the associated organization or individual.'

- In short, FSC certificate holders (PT Harjohn Timber, PT Suka Jaya Makmur and PT Sari Bumi Kusuma) are sister companies within the Alas Kusuma group structure to the two companies that have engaged in 'unacceptable activities' – i.e. PT Mayawana Persada and PT Kusuma Alam Sari.

Ownership structure of PT Mayawana Persada

- Between 15 July 2015 and 5 January 2023 PT Mayawana Persada was ultimately owned by Suhadi and his family members: The total percentage of ultimately controlled shares ranged between 91% and 99% for this period.
- In January 2023, PT Mayawana Persada went through changes in disclosed shareholders, whereby 50% of the shares are now ultimately held by an offshore holding company called Green Ascend Group Ltd, with the remaining 50% of the shares still ultimately held by Suhadi and his family. The share ownership remained the same as of 20 July 2023.
- As Green Ascend Group Ltd is held in a tax haven, the details of the ultimate beneficial owner(s) are not publicly available.
- Given this recent ownership change, the Alas Kusuma Group may be also in violation of FSC Policy for Association Version FSC-POL-01-004 V3-0 EN, which came into force on 1 January 2023.

Ownership structure of PT Harjohn Timber (FSC certificate holder)

- From 7 July 2008 to at least 20 July 2023, PT PT Harjohn Timber was ultimately owned by Suhadi and his family members: The total percentage of ultimately controlled shares ranged between 96% and 100% for this period.

Ownership structure of PT Suka Jaya Makmur (FSC certificate holder)

- From 15 July 2008 to at least 20 July 2023, PT Suka Jaya Makmur was ultimately owned by Suhadi and his family members: The total percentage of ultimately controlled shares ranged between 86% and 98% for this period.

Ownership Structure of PT Sari Bumi Kusuma (FSC certificate holder)

- From 16 November 2011 to at least 20 July 2023, PT Sari Bumi Kusuma was ultimately owned by Suhadi and his family members: The total percentage of ultimately controlled shares ranged between 86% and 98% for this period.

Alas Kusuma oil palm companies

The Alas Kusuma group owns and manages two oil palm plantations in Indonesia, PT Kusuma Alam Sari and PT Suka Jaya Makmur, which are in the Kubu Raya District, West Kalimantan

Ownership Structure of PT Kusuma Alam Sari

- Between 13 October 2011 and 6 May 2021, PT Kusuma Alam Sari was ultimately owned by Suhadi and his family members: The total percentage of ultimately controlled shares ranged between 86% and 98% for this period.
- From 7 May 2021 to at least 20 July 2023, PT Kusuma Alam Sari was majority owned (50.77%) by Suhadi and his family members, with the remaining 49.23% owned by Unity Green Pte Ltd, which is in turn owned by Lee Li Hwa, Hong Chein Chien, Hong Chee Chen and Hong Chien Nee.

PT Suka Jaya Makmur (FSC certificate holder)

- As the level forest conversion between 2016 and 2022 in the PT Suka Jaya Makmur oil palm concession was minimal, we haven't included any data in this complaint. Its ownership structure can be viewed above.

Relevant forest conversion data for PT Mayawana Persada and PT Kusuma Alam Sari for the period January 2023 to August 2023

PT Mayawana Persada	
Time period	Jan-Aug 2023
Forest Conversion	14,503 ha
Forest Conversion within peatland	12,277 ha
Forest Conversion within orangutan habitat (PHVA)	13,012 ha
Forest Conversion within HCV (Hatfield)	4,541 ha

PT Kusuma Alam Sari	
Time period	Jan-Aug 2023
Forest Conversion	61 ha
Forest Conversion within peatland	61 ha
Forest Conversion within orangutan habitat (PHVA)	50 ha

Published reports referenced to specify the issues and events that led to the complaint

- In [May 2021](#) and [July 2022](#), Mongabay published media stories about ongoing deforestation and destruction of orangutan habitat in PT Mayawana Persada. The July 2022 article claims, for example: *'Mayawana Persada is actively clearing forests to make way for industrial plantations, with 8,852 hectares (21,873 acres) of forest cleared between 2018 and 2021'*
- In [Feb 2023](#) and [April 2023](#), the NGO AidEnvironment published reports highlighting deforestation by PT Mayawana Persada. For example, they claim: *'The first quarter of 2023 saw 10 companies clear 4,000 hectares (ha) of forest in Indonesia's industrial forest plantation sector, new analysis by AidEnvironment shows.... Between January and March 2023, PT Mayawana Persada cleared almost 3,000 ha of forest within its concession, which is situated in the Mendawak landscape of West Kalimantan.'*
- In June 2023, the Indonesian NGO [AMAN \(Indigenous Peoples' Alliance of the Archipelago\)](#), whose members are from Indigenous Peoples communities, have criticized PT Mayawana Persada for threatening the local indigenous communities rights to their traditional land and natural resources.
- Also in June 2023, the NGO [Wahli West Kalimantan](#) (the largest and oldest environmental advocacy NGO in Indonesia) called for the Indonesian Minister of Environment and Forestry to stop clearing natural forest and protected peat by PT Mayawana Persada.