



RESPONSE TO AIDENVIRONMENT REPORT “THE NEED FOR CROSS-COMMODITY NO-DEFORESTATION POLICIES BY THE WORLD’S PALM OIL BUYERS”

We refer to your report titled “The need for cross-commodity no-deforestation policies by the world’s palm oil buyers” which was published in August.

Samling takes issue with several portions of your report which do not accurately or fairly reflect our position and defence of some of the issues related to our Industrial Tree Plantations or ITP, which you have highlighted.

In the box titled Logging Operations, you stated, *“In its response to the draft report sent for review, Samling elaborate extensively on statements made in the draft regarding its logging operations. For readability, Samling’s response has been placed in Appendix 3 of this report”*.

Upon inspection of Appendix 3, we note that a large portion of Samling’s response to the draft report has not been mentioned.

As such, your report does not tell the full story, as far as Samling is concerned, of the importance that ITP play in ensuring the preservation of forests while providing a steady supply of raw material for the timber industry.

One of the most important points of our response to your draft report was regarding the accusation of deforestation within Samling’s Licenses for Planted Forests or LPF areas. Your report gave the impression that Samling had conceded to the deforestation of 9,838ha for Industrial Tree Plantation development. This is misleading as you had also conveniently omitted to mention our argument that based on the methodology used by the Hansen Global Forest Dataset¹, deforestation did not take place in the course of establishing Samling’s ITP.

We had also argued that under the Intergovernmental Panel on Climate Change (IPCC)², there is no deforestation where native forest is converted to exotic plantation forest as these plantations are considered as forest land use globally both by Hansen Global Forest Dataset and IPCC.

Both of these arguments were glaringly missing from your report, resulting in the apparent admission by Samling of deforestation activities within its LPFs.

In page 49 of your report, you stated: *“Samling Group issued a Responsible Forest Management Policy in February 2021, which applies to ‘all forests managed by the Group and its subsidiaries.’ The policy does not meet NDPE market standards for industrial tree plantations as it fails to include aspects such as protection of peatlands and High Carbon Stock (HCS) areas and zero-burning.*

¹ Article entitled “Applicability of the Hansen Global Forest Data to REDD+ Policy Decisions” – Box 2
https://www.conservationgateway.org/ConservationPractices/ClimateChange/ForestCarbon/Pages/redd_hansen.aspx

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Through the policy, Samling has only committed to protecting forests when they constitute parts of 'undisturbed natural ecosystems.'

In our response to this item in your draft report, Samling had given an extensive explanation of the role that ITP plays in sustaining a high-value timber processing industry that will provide high value employment to native communities within the state.

We had also provided extensive background on the objective of the Sarawak state government for the private sector to establish one million hectares of ITP to reduce and eventually eliminate the timber industry's dependence on natural forest for its raw supply.

Furthermore, we had explained that the Forest Department Sarawak has identified areas of degraded or residual forest for the purpose of establishing ITP within the boundaries of a Licence for Planted Forest or LPF.

We had explained that it is on these areas of degraded or residual forest that Samling fulfils its obligations and conditions of the LPFs by continuing to plant trees and creating ITP. ITP logs play a vital role in avoiding encroachment into natural forests, and are established on the same principles as "managed forests" in developed countries.

An overriding conclusion from the AidEnvironment report is that any form of ITP is a form of deforestation. Samling holds issue with this argument as replanted forests – by whichever name – are widely seen as an economically-viable and environmentally-acceptable means of providing raw material to meet increasing demand for wood-based products.

We would like to reiterate the concluding remarks of our response to your draft report that the uncompromising campaigns that narrowly focus on "deforestation" will themselves contribute to increased greenhouse gas emissions and lead to a reversal of the current trend of declining net forest loss. These consequences are surely unintended, but it is important that they are recognised so that rational thought can lead to understanding and compromise.

In fact, not only does Appendix 3 not contain our response in full, it includes various accusations levelled against Samling which have not been clearly marked out as accusations levelled against us, and thus could be misconstrued to be part of our response.

As one of the few companies that actually responded to the draft report that you had sent out, we had expected that AidEnvironment would give fair coverage to our response to provide readers a more balanced view of the role that ITP plays in protecting natural forests.

Since AidEnvironment has chosen to publish the final version of the report without the inclusion of our full response, we hope you will provide us the right of response on your website, and publish this and our earlier response in full.