

November 29<sup>th</sup>, 2015

President Joko Widodo  
President of Republic of Indonesia  
Istana Merdeka  
Jakarta Pusat 10110, Indonesia

Dear Mr. President:

The undersigned investors are writing to express support for your agenda to curb peatland degradation and deforestation, which will suppress fire hazards in Indonesia. We also urge Indonesian companies to support your peatland moratorium and restoration directives, and at the same time encourage your administration to support Indonesian civil society and business as they work to comply with your initiatives. The companies would further garner international acclaim and market recognition for their no-peatland and deforestation-free sourcing policies.

Investors around the globe are increasingly concerned about how companies in their portfolios are addressing the urgent sustainability risks threatening shareholder value. Deforestation and peatland destruction caused by uncontrolled agricultural expansion is a leading driver of many of the most urgent sustainability issues facing our global economy, including climate change, soil erosion, biodiversity loss, shifting rainfall patterns, and conflicts with local communities over land tenure.

We would like to express our sympathy to you regarding the recent haze crisis. More than 40 million Indonesians were exposed to unhealthy air quality. This might be the worst incidence that Indonesia has to experience in economic and public health risks because of uncontrolled landscape degradation, particularly peatland. The fires are also greatly exacerbating climate change: new research finds that Indonesia's peat fires are frequently exceeding the daily emissions of the entire US economy, putting Indonesia on track to be one of the world's largest carbon polluters of 2015.<sup>i</sup>

Recognizing that continued peat degradation and deforestation poses unacceptable short and long-term risks, leading companies from around the world have pledged to work together to develop agricultural supply chains that contribute to economic well-being without further degrading local communities or the environment. Indonesian companies have received global acclaim for their commitments to be leading partners in these efforts, boosting international confidence in sourcing from and investing in Indonesia.

It is widely understood that these private sector commitments require a supportive regulatory framework in order to be effective. The Indonesian government has been recognized for its support of sustainable development efforts in Indonesia. Indeed, we have been encouraged by your directives for enforcing a moratorium on peat concessions and launching massive community-based peat restoration initiative, efforts to hold executives accountable for contributing to the haze crisis, and increased deployment of personnel to fight fires.

However, recent statements from representatives of your Administration that oppose industry efforts to improve sustainability by curbing peat degradation and deforestation have caused confusion and are shaking international confidence in Indonesia's commitment to transitioning to more sustainable practices.<sup>ii</sup> We believe these statements both undermine your efforts to fight the haze crisis, and may threaten Indonesian products' access to markets increasingly concerned about sustainability and avoiding deforestation. Opposition to private sector conservation also puts smallholder access to global markets at risk, and misses the opportunity to harness private sector commitments to build smallholder capacity. Smallholders depend on Indonesia's access to global markets, access that is being jeopardized by ongoing peat degradation, deforestation, and burning.

The undersigned investors are committed to investing in countries and companies that are actively addressing the urgent sustainability risks facing our global economy.

President Jokowi, we are writing to support your assistance of civil society, small farmers, and businesses in Indonesia who are committed to doing their part to protect Indonesians' health, environment, and market access by protecting

forests and peatlands. We fully support your Administration's efforts to adopt regulatory reform that support ambitious forest and peat conservation, and haze prevention.<sup>iii</sup>

Sincerely,

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<sup>i</sup> <http://www.abc.net.au/news/2015-10-21/se-asian-fires-producing-more-greenhouse-gas-than-us-report-says/6874598>

<sup>ii</sup> <http://jakartaglobe.beritasatu.com/news/sustainability-pledge-proves-obstacle-government-hungry-palm-oil/>

<sup>iii</sup> For a comprehensive list of recommendations, see “Indonesia’s Evolving Governance Framework for Palm Oil: Implications for a No Deforestation, No Peat Palm Oil Sector” by Rainforest Foundation Norway and Daemeter: <http://d5i6is0eze552.cloudfront.net/documents/Publikasjoner/Andre-rapporter/RFN-E-Book-p09.pdf?mtime=20150905185609>