



**Responding to Global Warming and Biodiversity
Report on Tropical Forest Conservation
for REDD in Indonesia**

Support for REDD by Seven & i Holdings

Targeting emissions reduction (carbon stocks conservation and enhancement) of 1.2 Million Tons in CO₂ Emissions, a Volume Equivalent to Approximately 50% of the Total Annual CO₂ Emissions by Our Domestic Group Companies

Photo ITTO/TJ Bruder

Current Situations in Indonesia

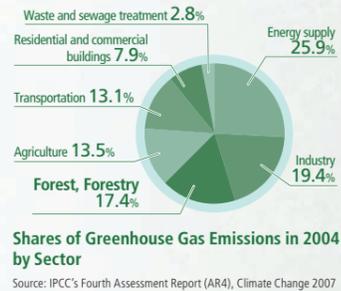
Indonesia is one of the countries with "biodiversity hotspots," which support a rich concentration of diverse life forms. According to the United Nations Food and Agriculture Organization (FAO), however, in the five-year period since 2000, 9.35 million hectares of forest—the equivalent of about 25% of Japan's land area—have been lost due to tree harvesting as well as to clear-cutting conducted to make new land available for agricultural use.

Current concerns include logging of tropical forests, particularly for palm oil production, forest fires caused by intentional burning for land clearing and illegal logging.

Effect of Primary Tropical Forest Conservation

Effective in reducing threats to biodiversity and global warming

Primary tropical forests are said to be home to half the earth's flora and fauna. Plants and animals abound in primary tropical forests, but as much as 1.3 million hectares of these forests are being lost annually throughout the world. An area comparable to the size of Japan disappears in just three years. Growing numbers of life forms are threatened by habitat shrinkage due to deforestation, extinction due to illegal hunting, change of native species ecosystem due to invasions by nonnative species, and changes in the habitat environment resulting from climate change.



Conservation of primary tropical forests does more than protect biodiversity. Forest destruction accounts for about 20% of the total emission sources of the greenhouse gases that cause global warming. Conservation of primary tropical forests is thus a highly effective countermeasure to global warming.

First Private-Sector Company to Support REDD

Among the first to adopt an approach that attracts worldwide attention

At the 15th Conference of Parties to the UN Framework Convention on Climate Change (COP15) held in 2009, it was agreed that six advanced countries would cooperate in providing funding for Reducing Emissions from Deforestation and Forest Degradation in Developing Countries (REDD)," thus raising awareness of the importance of forest conservation worldwide.

Discussions concerning REDD are still ongoing. Among the first to recognize its importance, Seven & i Holdings has concluded an agreement to cooperate with the ITTO in the Primary Tropical Forest Conservation Program, which seeks to conserve primary tropical forests around the world. The program's first project started in 2010 at Meru Betiri National Park in Indonesia. This tropical forest conservation project for REDD is designed to promote preservation of biodiversity. The project is expected to achieve a reduction (conserving and enhancing carbon stocks) of 1.2 million tons of CO₂, equivalent to about half the annual CO₂ emissions by our domestic Group companies.

* Many tropical forests are primary tropical forests.

OPINION



Executive Director, ITTO
Mr. Emmanuel Ze Meka

"REDD is an excellent activity as a countermeasure to global warming."

This project will not only reduce the impact of greenhouse gas emissions, but it will also help to preserve biodiversity and sustain the livelihoods of communities in the surrounding area. The decision of Seven & i Holdings demonstrates the role private-sector companies can play in REDD activities in countries such as Indonesia with tropical forests. I hope to see many private-sector companies follow the lead set by Seven & i Holdings.

ITTO (International Tropical Timber Organization)

This UN treaty-based organization tackles issues involving tropical forests. It has undertaken more than 900 projects for tropical forest conservation and sustainable forest management. The ITTO and the Seven & i Group have a longstanding relationship. Ito-Yokoda and York Mart, both among our operating companies, have donated to the ITTO in the 1990s in support of tropical rain forest reforestation projects.

ITTO Web site: <http://itto.int/>

Photo: A National Park in East Java, Indonesia

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Project site: Meru Betiri National Park

Web site: <http://www.merubetiri.com/>

Meru Betiri National Park is located in the southern region of East Java facing the Indian Ocean. Covering an area of about 58,000 hectares, the park features a rich ecosystem and a wide variety of vegetation, including an intact primary forest. Today, it is threatened by forest destruction and degradation, however, due to illegal encroachment and logging.



A signboard at the park entrance. The logos of all the project participants are posted.



Large quantities of lumber are necessary for people's lives.

Aims of the Project

- (1) To raise awareness and improve the livelihoods of local communities living in and around the MBNP through active participation in efforts to prevent deforestation, forest degradation and loss of biodiversity.
- (2) To develop a robust measurable, reportable and verifiable (MRV) system for monitoring reductions in greenhouse gas emissions caused by deforestation and forest degradation and increases in forest carbon stocks in the MBNP



The park includes an area designated for human habitation within its boundaries.

The project is being implemented in cooperation with the Indonesian Ministry of Forestry, various research institutes, the MBNP, NGOs, the local government, the police, the ITTO, Seven & i Holdings and many other stakeholders. During the four-year period planned for the project's implementation, MBNP will seek to become a model REDD project in Indonesia in terms of "collaboration between the public and private sectors," "participation of various stakeholders" and "community-based planning and implementation."



Participants in project steering committee meeting discussed ways to strengthen project implementation.

Four-year project plan

- Phase 1 (2010–2011)**
- Establish a comprehensive framework for stakeholder engagement.
 - Establish PSP (permanent sample plots) and data collection for carbon accounting.

- Transitional stage (2011–2012)**
- Consolidate Phase 1.
 - Develop activities for Phase 2 (methods for conducting carbon accounting).

- Phase 2 (2012–2013)**
- Develop a comprehensive individual capacity for key stakeholders, such as communities and public and private entities.
 - Develop a comprehensive capacity for research on carbon assessments.
 - Disseminate information concerning carbon assessments and project results.

Phase 1 (2010–2011)

The success of the project hinges on the participation of community members. It is consequently important to build a mechanism for enabling the coexistence of forest protection and the community members' lives and ensuring that they do not change their behavior, even after completion of the project. Discussions are currently under way among the parties involved on new, sustainable means of income generation.

Dialogue with community leaders



A discussion session in progress

Local community leaders gather for discussions in each area. Experts explain at these sessions that conserving forests is important, partly because exacerbation of climate change increases the incidence of malaria. Some have suggested that the residents generate income from alternative activities other than logging, such as pushing forward with reforestation and making medicine from plants.

Suggestions from local communities have included raising cows to generate biomass energy from manure as a means of reducing the quantity of wood used as fuel and encouraging young people to learn English so they can earn incomes as tour guides. Others have expressed the opinion that they want to make their lives better by acquiring the know-how, methods and techniques employed in raising crops.



Developing and selling medicines made from medicinal plants

Local community activities

Some community members are assigned responsibility for planting trees in each area of the park, instilling them with a sense of responsibility. Others are appointed by the park to serve as forest rangers, who provide an auxiliary force backing up the official park rangers. They play such supporting roles as maintaining surveillance for illegal entry or logging and reporting violations to the park.



A forest ranger making a report

Areas in which trees are planted are employed, moreover, as venues for local community education. Elementary school children who have studied about the MBNP in school pay personal visits to the park, where they plant trees, sometimes in the company of their parents. The trees they plant grow along with the children, which helps teach adult community members the importance



Elementary school children planting trees

of trees. About 15 arrests are currently made for illegal activities annually, but it is hoped that the number will be reduced to zero as understanding among community member deepens with education and future activities.

Future activities



Visitors can participate in releasing sea turtles.

Suggested alternative means of earning incomes have included making full use of the national park as an ecotourism destination and selling medicines made from medicinal plants. Another proposal involves resuming the search for the Javan tiger, no sightings of which have been reported since 1997, as a symbolic project for the park. This proposal reflects the idea that employing the search for the tigers, which community members believe are still living in the forest, as a symbol for the project will attract attention both at home and abroad, which could help promote forest conservation efforts. With these suggestions under consideration, the project has been moving forward toward a new stage in its activities.

As a project participant, Seven & i Holdings continues to observe the status of future activities, while looking for ways to support the project that are closely relevant to the Group's business operations.

OPINION

"Enhancing MBNP for future generations to enjoy and utilize."

Our local communities have high expectations for this project. Those living in different districts have differing demands, however, and the park's responsibility is to understand them. If the park is used as a tourist destination, for example, it will create new jobs for communities and generate income, which will, in turn, reduce the degree of their dependence on the forest. I'd like to develop the latent capabilities of the park in cooperation with the communities.

We're currently in the stage of cooperating with stakeholders to raise awareness among the local communities, and I hope to see the communities themselves begin safeguarding this area voluntarily in three to five years. My wish is to develop this park to set an excellent precedent for community-based projects in terms of both forest conservation and the lives of the community members.



Head of Meru Betiri National Park
Mr. Hery Subagiadi