

APP's Sustainability Roadmap – Frequently Asked Questions

High Conservation Value Forest

1. What are High Conservation Values (HCV) or High Conservation Value Forests (HCVF)?

According to HCV Resource Network:

All natural habitats possess some inherent conservation values. These could include the presence of rare or endemic species, sacred sites or resources harvested by local residents. High Conservation Value (HCV) areas are defined as natural habitats where these values are considered to be of outstanding significance or critical importance.

The key to using the HCV approach is the identification of the six High Conservation Values (HCVs), which cover a range of conservation priorities – including social issues as well as ecological issues – shared by a wide range of stakeholder groups. It is these values that are important and need to be protected. A High Conservation Value area is simply the area (e.g. a forest, grassland, watershed, or landscape-level ecosystem) where these values are found, or, more precisely, the area that needs to be appropriately managed in order to maintain or enhance the identified values.

The HCV concept was originally developed by the Forest Stewardship Council (FSC) to help define forest areas of outstanding and critical importance – HCVF – for use in forest management certification. HCVF guidelines appeared in 1999 in Principle 9 of the Forest Stewardship Council's (FSC) Principles and Criteria of Forest Stewardship, which form the basis for all FSC forest management standards and certification. Under Principle 9, forest managers are required to identify any High Conservation Values that occur within their individual forest management units, to manage them in order to maintain or enhance the values identified and to monitor the success of this management.

2. What are the High Conservation Values according to HCV Resource Network?

- HCV 1: Areas Containing Significant Level of Biodiversity Values
- HCV 2: Areas Critical to Natural Ecological Dynamic
- HCV 3: Areas Containing Rare or Endangered Ecosystems
- HCV 4: Areas that Provide Basic Services of Nature
- HCV 5: Nature Areas Fundamental to Meeting Basic Needs for Local Communities
- HCV 6: Nature Areas Critical to Local Communities' Traditional Cultural Identity

3. What is the HCV process and what are the steps it involves?

The HCV approach provides a systematic basis for identifying critical conservation values – both social and environmental – referred to as High Conservation Values (HCVs) and for planning ecosystem management in order to ensure that these HCVs are maintained or enhanced.

There are 3 basic steps in the process:

- I. Identify the HCVs which are present: the presence or absence of each HCV is determined based on an analysis of existing information and the collection of additional information where necessary to fill gaps.
- II. Assess the HCV area and how it must be managed: the High Conservation Value area is the area of habitat which must be appropriately managed in order to maintain or enhance the identified values. Assessing an HCV area and its management regime involves:
 - Investigating the existing and potential future threats to the high conservation values identified.
 - Establishing both the location and the management requirements for the HCV area with the aim of ensuring that the HCVs identified are maintained or enhanced.
- III. Establish an appropriate monitoring regime to ensure that the management practices are effective in their aim of maintaining or enhancing the HCVs.

4. What are the steps taken by APP in working toward achievement of its commitment to HCV protection?

Implementation of the HCV assessment is a multi-step process that involves:

- Suspension of harvesting activities in all natural forests in the forest concession area in which the HCV assessment is to be conducted;
- Preliminary HCV assessment involving:
 - a. Ecological and social desk review of the concession area and surrounding region.
 - b. Field sampling for the social assessment involving local communities in and around the concessions as well as other relevant stakeholders including government officials and NGOs.
 - c. Development of preliminary HCV assessment reports at both the concession and management unit levels. The report contains information of potential HCV types and their locations inside the concession, which requires ground checking during full HCV assessment;
- Full HCV assessments with greater sampling intensity of areas identified to potentially or likely have HCV present;
- A stakeholder consultation process to ensure interested parties have the opportunity for meaningful participation in the interpretation of assessment results and proposed management;
- Preparation of the full HCV assessment reports identifying HCV presence, management recommendations for protecting and enhancing those values, and adequate monitoring protocol to

ensure effective implementation in the field and the success of the management recommendations in achieving their objective;

- Peer review of the HCV assessment reports to ensure that credible efforts were made to apply the HCV Network Principles of Application; and
- Training for relevant forest management staff concerning results of and recommendations in the HCV reports to ensure proper in-the-field management and monitoring of identified HCVs.

5. What is the HCV Network and where may more information be obtained about their protocols?

The HCV Resource Network is made up of people and organizations that use the High Conservation Value (HCV) approach. Its aim is to maintain and enhance critical social and environmental values of forests and other ecosystems as part of responsible land management, and to advance locally adaptable management strategies through the development and use of the HCV approach.

The Network was set up to promote cooperation, collaboration and consistency in the use of the HCV concept, to enable local-level approaches to implementation and to support activities to develop and improve the HCV approach.

More information can be found at: <http://www.hcvnetwork.org/>

High Carbon Stock

6. What is High Carbon Stock?

High Carbon Stock (HCS) is a concept first developed in agriculture industries, like the palm oil industry, where forested areas are converted into agricultural land resulting in a change in the amount of carbon per total area stored within that area. Each land type has different carbon storing properties depending on the types of soil present (e.g. mineral vs. peat soil), types of plants growing (e.g. forested area vs. meadows) and the density of the plants (e.g. primary tropical forest vs. secondary boreal forest).

Due to current issues of climate change resulting from man-made greenhouse gas (GHG) emissions, there is a movement in the industry to strive for zero net carbon emissions. One such initiative within the agriculture industry ensures that any development of new agriculture area will not result in significant loss of carbon stored in the area to be converted. For example, if a meadow is converted into an apple orchard the results is net positive carbon stock, because trees store more carbon from the atmosphere in their trunks. Alternatively, if a forest is converted into a wheat field, there will be a net negative carbon stock because wheat has a lower capacity to store carbon than a tree.

To ensure that carbon stock change does not contribute to further GHG emissions into the atmosphere, an effort has been made to determine the carbon stock for each type of agricultural crop. Before a new area is



developed, its current carbon stock is assessed and compared to the carbon stock of the crop to be planted. Whether the resulting net carbon stock is negative or positive will factor into the decision to continue the development or not.

7. What did you mean by an independent research initiative on High Carbon Stock (HCS) and its implementation in pulpwood plantations?

As part of its Sustainability Roadmap, APP commits to leading the research of the new HCS concept and its practical implementation in pulpwood plantations.

Together with our NGO partner and other stakeholders, APP will conduct research to define forest HCS. APP will share the results of this research when finalized. APP recognizes that the Government of Indonesia plays a critical role in defining and conserving HCS, particularly with respect to adopting new regulations and enacting legislation to enable the transformation of the pulpwood plantation industry. All other relevant stakeholders, including local and indigenous communities, civil societies and academics, must engage in the process.

8. What is Free Prior Informed Consent (FPIC)?

Free prior informed consent (FPIC), developed by the NGO Forest People Programme, is the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands they customarily own, occupy or otherwise use.

The concept is in line with the United Nations Declaration on the Rights of Indigenous Peoples. As such, it has been adopted by several programs of the United Nations, including the UN Reducing Emissions from Deforestation and Forest Degradation (REDD) programme in developing countries.

More information can be found at: <http://www.forestpeoples.org/guiding-principles/free-prior-and-informed-consent-fpic>.

9. How does APP plan to adopt FPIC in its operation?

APP's pulpwood suppliers have community engagement and conflict resolution procedures in place. These procedures were developed in accordance with the national laws and regulations.

As part of our continual improvement process, we are reviewing the current procedures against the principles of FPIC. The objective is to improve our standards and protocols for community engagement and dialogue so that we develop better relations over time, and are well-equipped to deal with and respond to complaints or issues that local communities may have concerning our operations.



After the revised procedures are implemented in APP-owned forest concessions, APP will work together with our independent suppliers to ensure that they are also operating in line with APP's standard for social responsibility.

Forest Certifications

10. What are sustainable forest certifications?

Forest certifications were launched to help protect forests from destructive logging practices. There are two types:

1. Chain of custody (CoC) certification to verify wood legality and/or use of certified wood throughout the product supply chain
2. Sustainable forest management (SFM) certification to ensure that the forest is managed in accordance with environmental and social best practices, which go beyond legality.

There are voluntary as well as mandatory certifications programs. A mandatory program is developed by a governmental organization and is part of national compliance requirements for the forest industry operating in that country; for example, the Indonesian Sustainable Production Forest Management (PHPL) certification and Timber Legality Verification System (SVLK) certification. A voluntary program is developed by NGOs and includes both national and international schemes. Examples of national SFM schemes include Indonesian Ecolabeling Institute (LEI), Sustainable Forestry Initiative (SFI) in the US and Australian Forestry Standard (AFS). Examples of international SFM schemes include Forest Stewardship Council (FSC) and Programme for the Endorsement of Forest Certification (PEFC).

To ensure objective and independent certification, the structure of the certification system is typically split into a standard setting body – such as LEI and PEFC, which develop the certification standards – and the auditing body – such as TUV and SGS, which verifies and certifies that the company/organization is indeed operating in line with the SFM or CoC standard selected.

11. Which certifications is part of APP's commitment for sustainable production?

APP has committed to ensuring that all its supply chains be third-party certified for legality and sustainable forest management. Due to the large number of forest operators that supply APP pulp mills, this commitment is being implemented in a staged approach.

The first certification system that will be achieved by our suppliers is the mandatory system developed by the Indonesian government, which includes the SVLK chain of custody certification for timber legality verification and the PHPL sustainable forest management certification. APP estimates that all its suppliers will have achieved this mandatory certification by 2015. SVLK is being adopted to be part of the Voluntary



Partnership Agreement (VPA) between Indonesia and the European Union for the EU FLEGT compliance. Once the agreement is signed and implemented, wood-based products with SVLK certification will be accepted by EU countries for being in compliance with EU requirement for legality; no additional due-diligence will be necessary. The agreement is scheduled to be signed in November 2012.

For the voluntary certification schemes, APP mills have achieved PEFC and LEI chain of custody certifications. Across its supply chain, to comply with PEFC non-controversial wood verification, APP pulpwood suppliers are also in a phased approach toward independent verification under the Timber Legality & Traceability Verification (TLTV) standard developed by SGS.

With regards to voluntary SFM certification, only the standard developed by Indonesian Ecolabeling Institute is currently applicable to the pulpwood plantation forest industry in Indonesia. Due to the 1994 conversion cut-off date imposed by FSC, no pulpwood plantation forest in Indonesia is FSC SFM certified, since all were developed after 1994. As for PEFC, its certification scheme is based on the endorsement of national voluntary certification schemes, and currently there is no national SFM scheme in Indonesia that has been endorsed by PEFC. APP is working to have all its pulpwood suppliers certified under relevant mandatory certification schemes by 2020.