

**TFT Progress Report on Asia Pulp & Paper Group (APP)**  
**Forest Conservation Policy Commitments**  
**Reporting period: October, November and December 2013**  
**Date: 20<sup>th</sup> December 2013**

This is the fifth update report by TFT on APP's progress toward meeting its Forest Conservation Policy (FCP) commitments made on February 5<sup>th</sup> 2013, as part of its Sustainability Roadmap Vision 2020.

This report covers activities undertaken throughout October, November and December 2013. Earlier progress reports can be viewed [here](#) (4<sup>th</sup> report), [here](#) (3<sup>rd</sup> report), [here](#) (2<sup>nd</sup> report), and [here](#) (1<sup>st</sup> report).

**Section 1: Overview of key activities in the reporting period**

➤ **Peat Expert Team**

APP has completed consultations with its partners and stakeholders to identify a team of independent peat experts. Once formalised, the team will work to provide implementation strategy and recommendations of best practices for the Peat Management and Monitoring Plan.

➤ **Focus Group Discussion**

A Focus Group Discussion (FGD) was held by APP in Jakarta on 31<sup>st</sup> October 2013. The FGD was intended to update stakeholders on the progress and challenges in FCP implementation since February. Three challenges were discussed in the FGD: 1) the utilization of natural forest wood stockpiles that did not enter APP's mills by the 31<sup>st</sup> August 2013 deadline and non-HCV non-HCS wood residue from future land preparation activities; 2) the governance issue of overlapping licenses issued by government authorities, and; 3) issues around conflicts between natural forest protection versus requirements by local communities to develop land. More than sixty participants from more than twenty different organizations and government authorities attended the FGD. A full summary of the discussions will be made available on APP's FCP monitoring [dashboard](#).

➤ **FCP Online Monitoring**

During October, APP, with the support of its partner organisations, sought stakeholder feedback on APP's pilot online monitoring dashboard documenting the implementation and monitoring of the FCP. The consultation process provided an opportunity to socialise the dashboard with key stakeholder groups and to seek their input on its content and its future development. A number of areas were discussed with stakeholders including; 1) APP supplier level concession and landscape-level mapping, 2) an independent third-party audit of FCP implementation, 3) FCP implementation in APP's China operations, 4) plantation fibre availability and forecasts and APP's new pulp mill development in South Sumatra. Input will be used to inform the development of a version 2.0 of the dashboard targeted for launch in early 2014.

**Section 2: HCV and HCS Commitment Progress**

## **Policy Commitment 1**

### **High Conservation Value (HCV) and High Carbon Stock (HCS)**

*APP and its suppliers will only develop areas that are not forested, as identified through independent HCV and HCS assessments.*

### **High Conservation Value (HCV) assessments**

HCV assessments for all 38 HTI suppliers' concessions are being undertaken by Asia Pacific Consulting Solutions (APCS) and Ekologika Consulting.

- *APCS assessments on 11 suppliers' concessions:*
  - APP has now received, reviewed and commented on draft reports from APCS for the first 11 suppliers' concessions.
  - APCS will now submit the draft reports for peer review in accordance with the HCV Toolkit assessment protocol. Draft reports will also be circulated to NGOs for input.
  - HCV assessment reports will be finalised, subject to both the peer review and NGO input processes. Once finalised, APP will publish summary findings of the final HCV reports via the FCP monitoring dashboard.
  
- *Ekologika assessments on 27 suppliers' concessions:*
  - Full assessments in East Kalimantan and West Kalimantan are completed.
  - Field assessments are ongoing in South Sumatra, and the draft reports are targeted to be completed by January 2014.
  - Field assessments are ongoing in Riau, and the draft reports are targeted to be completed by March 2014.
  - Following the HCV assessment protocol, Ekologika will proceed with public consultations on the draft reports. Schedules of these consultations will be updated through the monitoring dashboard.

### **High Carbon Stock (HCS) assessments**

In January 2013 the HCS team commenced deployment of an action plan to roll out the HCS methodology across 38 concessions over a 1 year period.

By July 2013, the initial vegetation stratification (the process of using satellite and aerial images to identify high carbon stock forest and other types of vegetation) of 38 suppliers' concessions and field verification of 23 priority suppliers' concessions was completed and the team commenced a process of refining; adjusting and improving the original stratification using data and observations collected during the field visits.

The ongoing process of HCS stratification refining has revealed a low-level of correlation between the original desktop HCS stratification and actual strata sampled during the fieldwork. Imprecisions in the desktop stratification were greater than anticipated due to issues with satellite image quality, significant variability in forest strata, and a not enough GIS staff time for manually delineating the strata.

In view of these issues, Ata Marie Group Ltd (AMG) has now been commissioned to support the HCS team to complete all work by the end of June 2014 in all 38 suppliers' concessions. This will include ongoing stratification refining, flyovers, and additional field work that will be deployed over 4 stages:

- Stage 01: OKI (South Sumatra), Jambi province and Muba (South Sumatra)
- Stage 02: Riau province
- Stage 03: East Kalimantan province (Kaltim)
- Stage 04: West Kalimantan province (Kalbar)

### **Plantation fibre availability (Growth & Yield studies)**

In the 3<sup>rd</sup> TFT Progress Update, we provided detail on a comprehensive plantation fibre Growth and Yield assessment being undertaken by TFT across all 38 of APP suppliers' concessions. The assessment was designed to follow up on earlier yield projection work undertaken by APP, TFT and Ata Marie Group in early 2013 (as detailed on the FCP monitoring dashboard).

The objective of the TFT assessments has been to evaluate the long-term availability of plantation fibre to supply APP's pulp mills in Indonesia – including the demand of its new pulp mill at OKI, South Sumatra – as well as to provide recommendations to APP on how to improve plantation productivity, how to minimise wood losses (from harvesting through wood chipping at the pulp mills) and how to move toward a more integrated Plantation Yield Regulation System (PYRS). As part of the assessment, TFT has reviewed baseline data on tree species/site type/age class and this has been used to verify current data on standing plantation stocks, harvesting yields and wood conversion rates from harvesting through to the production process at APP mills.

TFT has now completed the assessment work and draft reports are being prepared for final sign-off by APP. Recommendations made by TFT will be used to inform the development of Integrated Sustainable Forest Management Plans (ISFMPs) for each individual Forest Management Units (FMU). APP will publish methodology of the assessment via its FCP monitoring dashboard.

### **Integrated Sustainable Forest Management Plans (ISFMPs)**

APP's FCP commitments will be delivered through the implementation of sustainable forest management practices in each of the 38 suppliers' concessions. This will require the development and implementation of ISFMPs for each FMU. ISFMPs will combine the results and recommendations from all ongoing assessment work (HCV/HCS/Peatland/Social Conflict mapping/Growth and Yield) into long-term, tailored, action plans for each FMU.

During the last reporting period, TFT supported APP through the provision of ISFMP capacity-building workshops. These workshops were designed to train Sinar Mas Forestry (SMF) managers and executives on how to develop ISFMPs using a systematised approach and guidance process developed by TFT. SMF managers can use the approach when developing the ISFMPs (subject to the completion of all assessment work).

The first FMUs to create ISFMPs will be PT. TMA and PT. WKS in Jambi, followed by the South Sumatra FMUs.

## **Section 3: Peatland Commitment Progress**

### **Policy Commitment 2**

#### **Peatland Management**

*APP will support the Government of Indonesia's low emission development goal and its target to reduce greenhouse gas emissions.*

Peat experts were engaged by both APCS and Ekologika as part of their HCV assessment process. Additionally, APP has completed consultations with its partners and stakeholders to identify a team of independent peat experts. Once formalised, the team will work to provide implementation strategy and recommendations of best practices for the Peat Management and Monitoring Plan (PMMP).

## **Section 4: Social Commitment Progress**

### **Policy Commitment 3**

#### **Social and Community Engagement**

*In order to avoid and resolve social conflicts across its supply chain, APP will actively seek and incorporate the input and feedback of a wide range of stakeholders, including civil society, as well as implementing principles including Free, Prior and Informed Consent (FPIC) of indigenous people and local communities and respecting human rights.*

#### **Conflict resolution – Indonesia**

TFT continues to support APP in resolving a number of ongoing conflicts with local communities within APP's Forest Management Units. We can report the following updates since our last Progress Update was published in October.

- **Senyerang village, Jambi** – a Memorandum of Understanding (MOU) was signed by SMF and stakeholders from the Senyerang village community in July. TFT has since been working with SMF and local stakeholders to support the implementation of key points within the MOU agreement. This has included supporting the development and socialisation of an MOU implementation work-plan.
- **Riding village, South Sumatra** – TFT has been supporting conflict resolution between Riding village and PT. Bumi Mekar Hijau (BMH) in South Sumatra. Since TFT's last Progress Update, a local NGO mediation partner has been agreed and a second phase of conflict mediation is now in progress.
- **Riau** – TFT has been supporting conflict resolution proceedings in the province of Riau between PT Perawang Sukses Perkasa Industri (PSPI) and Datuk Rajo Melayu, facilitated by the National Forestry Council (DKN). Since TFT's last Progress Update, a Community Head (Datuk) representing the local community was confirmed and preparations for a third phase of mediation have begun. As part of the third-phase preparatory work, in November TFT worked with the DKN to undertake a field study designed to provide clarity on key elements within the dispute (e.g. the actors / land owners and land boundaries).

### **Free, Prior and Informed Consent (FPIC)**

- **FPIC training:** follow-up FPIC implementation training has been conducted in South Sumatra with participants from PT. BMH, PT. SBA, PT. BAP and at OKI, the site of APP's new mill. The training was designed to refresh SMF managers on the FPIC implementation process before those managers then develop action plans to implement FPIC in selected districts.
- **FPIC implementation – OKI, South Sumatra:** following results from the initial data mapping, the implementation of FPIC at the OKI mill development will be held in 11 villages, beginning in January 2014.
- **FPIC implementation - forestry pilot in South Sumatra:** FPIC implementation began in November at 7 villages in two new districts of forest plantations in South Sumatra province.

### **Conflict mapping – Indonesia**

- Following the completion of conflict mapping across all 38 suppliers' concession (see 4<sup>th</sup> TFT Progress Update), TFT has organised and rolled-out a capacity-building workshop designed to train SMF staff and managers on how to develop action plans for resolving social conflicts, as identified through the mapping process. Workshops were held in Riau, Jambi, South Sumatra, East Kalimantan and West Kalimantan. SMF managers responsible for managing social conflicts in their respective concessions are now developing draft action plans for the resolution of such conflicts.

### **Conflict mapping – China**

- Major findings of the social performance study (with key focus around land acquisition) undertaken by land rights NGO, Landesa (in collaboration with the Rights and Resources Initiative) at APP plantations in Guangxi and Yunnan provinces were expected to be presented to APP China, to consider whether modifications to the current social engagement and conflict management approach were needed.
- In one region, Lancang of Yunnan province, the focus of TFT's work has been around social and community engagement. TFT held a workshop in November with APP-China foresters and managers to introduce the principles of FPIC. TFT and APP-China are currently mapping communities in Hainan, Yunnan and Guangxi provinces to determine 3 pilot areas/villages to deploy community relationship improvement projects.
- Database building for social conflicts of APP China's plantation operations is in progress. The database has 2 major attributes: one is the existing data on compartments and land lease contracts; while the other one is data on communities neighbouring APP's plantation operations, with special focus on the status of social conflicts. The database will allow ACF and TFT to understand the full scope of social issues and to provide the foundation for further social engagement and conflict management activities.

## **Section 5: Third Party Suppliers Commitment Progress**

### **Policy Commitment 4**

#### **Third party suppliers**

*APP sources fibre from all around the world and is developing measures to ensure that this sourcing supports responsible forest management*

#### **Global suppliers**

**Indonesia mills** – since our last Progress Update, TFT has been supporting APP to align its Supplier Evaluation and Risk Assessment tool (SERA) with both the FCP and the Responsible Fibre Procurement and Processing Policy (RFPPP). This is to ensure that all global suppliers to APP’s paper mills in Indonesia are in compliance with its FCP and RFPPP. As a result of this process, TFT and APP have prepared a number of revisions and additional tracking systems to SERA. The revised SERA process will be rolled-out to APP mills in early 2014 with TFT providing additional training support where necessary. The end goal is to evaluate all global suppliers using the new SERA tool in order to identify levels of supply chain risk and to develop action plans as/if necessary.

**China Mills** – TFT’s work has focussed on risk assessments of APP China’s 3<sup>rd</sup> party wood chip/ and pulpwood log suppliers:

- **Jinhai pulp & paper mill** – TFT and Jinhai completed the first round of RFPPP assessment for domestic 3<sup>rd</sup> party wood chip and pulpwood log suppliers based on a sampling approach. The assessment was completed in two phases, 1) assessment of 4 major suppliers whose total supply accounts for over 63% of Jinhai’s overall domestic third party wood chip and pulpwood log input; 2) assessment of 4 selected suppliers in Hainan and Guangdong provinces. The two assessment reports are under preparation and are expected to be provided to APP China for further review and improvement program design.
- **Jingui pulp & paper mill** – TFT and Jingui completed RFPPP assessment for 2 major 3<sup>rd</sup> party domestic wood chip suppliers during 25-29<sup>th</sup> Nov 2013. The assessment report is under preparation and will be shared with Jingui by 30<sup>th</sup> Dec 2013.
- **Gold East paper mill** - TFT and APP China HQ have scheduled a mill visit to Gold East in early Jan 2014, to set up detailed action plan and timeline for domestic 3<sup>rd</sup> party wood chip supplier RFPPP assessments.

#### **Association Procedure**

APP’s draft Association Procedure aims to ensure that any new suppliers or concessions to APP are aligned with APP’s FCP commitments. APP is now seeking NGO feedback on the draft procedure via a focused group consisting of several key national and global NGOs.

## **APP China Forestry Scorecard**

TFT and APP-China agreed to set Guangdong province as the pilot business unit for implementation of the agreed scorecard. TFT organized a meeting with APP-China and the Guangdong business unit to discuss detailed scorecard development on the 14<sup>th</sup>-15<sup>th</sup> November. TFT-China is now coordinating with TFT-Indonesia on specific control points of the scorecard (points in the operation where checks of compliance against standards are made) while APP-China and the Guangdong business unit are ensuring those control points and their verifiers align with APP's operations in China and meet regional requirements.

## **Section 6: China**

### **Forest Restoration – Hainan Exploration Project**

APP China has integrated plantation-pulp-paper projects approved by central government dated back to July, 1997. In recent years, Hainan is granted with changed zoning approvals to become an international tourist and resort destination. As a result of this Government expansion of protected areas in Hainan, APP has plantations that are now located within the newly re-classified protected area boundaries. APP-China and TFT have held meetings with the Hainan Provincial Department of Forestry to resolve the issue of APP-China's plantation areas being located in protected areas (or water catchment reserves) in Hainan province. The meeting enabled both APP and TFT to understand the Department's position on the issue, to gain their support on a multi-stakeholder approach and to explore a solution for all affected stakeholders including the government, APP-China and local communities.

Following the Government meeting, APP-China and TFT have agreed that the first step is to identify and analyze the scale of the issue and to build up a database of geographical information on affected areas for future discussion and activities. TFT have proposed that APP-China creates two new job positions (a qualified Forester and GIS expert) in order to drive this work forward. APP-China, APP-Headquarters and TFT held a follow up meeting on 14<sup>th</sup> October to discuss the Hainan plantation issues.

APP-China and TFT have since compiled a list of stakeholders and identified two stakeholder engagement phases, A: priority stakeholders; B: all other stakeholders. APP-China and TFT have completed the first phase of stakeholder engagement respectively and face-to-face discussions were being scheduled to take place in Hainan in December 2013.

APP-China, TFT and Greenpeace-China met on 26<sup>th</sup> November 2013 in Beijing to review the Hainan exploration project. Greenpeace expressed their willingness to remain an important stakeholder to the project and would, where possible, offer technical support and perspectives from an international NGO's position.

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