

**TFT Progress Report on Asia Pulp & Paper Group (APP)
Forest Conservation Policy Commitments
Reporting period: July, August, September 2014
Date: December 2014**

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

This report covers activities undertaken throughout July, August, and September 2014. Earlier progress reports can be viewed [here](#) (7th report), [here](#) (6th report), [here](#) (5th report), [here](#) (4th report), [here](#) (3rd report), [here](#) (2nd report), and [here](#) (1st report).

Section 1: Moratorium Status

APP's moratorium on natural forest clearance remains intact and no breaches were identified during the reporting period.

Moratorium Monitoring – ground checking

Another quarterly round of the Independent Observer (IO) monitoring programme was conducted across Jambi, Riau and Sumsel in Sumatra and in East Kalimantan. A report will be published next quarter summarising the findings.

NFW (Natural Forest Wood) processing

Monitoring of the stock of NFW felled before the moratorium continued as part of IO monitoring programme, while solutions were still being investigated to utilise this wood before its condition deteriorates beyond practical use. Ground-checking of the NFW in mills' log yards also continued as remaining stocks were used up at IKPP Perawang. TFT will check as to whether the NFW contained products have all left the IKPP Perawang mill. A negligible volume of NFW remains at the SBSA chip mill.

PT. Suntura Gajapati (SGP)

TFT has been working with APP to resolve a land conflict at APP pulpwood supplier PT. Suntura Gajapati (SGP), in Dumai, Riau. The background to this conflict was communicated in the 6th TFT [report](#). The objective of the conflict resolution is to prevent 700 hectares of natural forest from being cleared by the local community.

The small team established to help explore solutions to the land conflict met in July and agreed 3 options for the resolution of the conflict. These included re-locating the 700 hectares of land under claim and/or optimising existing land already handed over to the community. TFT met with Scale Up (a local civil society organisation focussed on social development issues in Indonesia) in August to discuss the draft resolution concept.

Section 2: APP one million hectare commitment

In April 2014, APP announced a commitment to support the conservation of one million hectares of tropical forest in Indonesia through protection and restoration. As part of this commitment, APP will focus protection and restoration efforts across 10 key landscapes in Indonesia within which APP pulpwood supplier concessions sit.

TFT participated in series of meetings with relevant stakeholders with regard to APP protection and restoration efforts. TFT facilitated in a Focus Group Discussion (FGD) on 12 Aug 2014 that was attended by NGOs and relevant institutions (both private and government) with concern in Berbak – Sembilang landscapes, Dangku/Muba and Giam Siak Kecil.

Section 3: HCV and HCS Commitment Progress

Policy Commitment one

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:*
 - All assessments completed
- *Ekologika assessments on 27 suppliers' concessions:*
 - Field assessments have been completed for all 27 suppliers' concessions.
 - Reports are currently being finalised or going through the peer review process.
 - Target completion end of July 2014.

High Carbon Stock (HCS) assessments

TFT, working with key stakeholders, including its delivery partner, Ata Marie and Greenpeace, finalised the patch analysis methodology. Ata Marie immediately embarked on this final step in the HCS methodology across the 38 FMUs (progress update below).

Once the patch analysis is complete, reports will be completed, making recommendations on which patches of natural forest are viable for conservation. These reports will be passed to the teams developing Integrated Sustainable Management Plans – see ISFMP section below.

Progress as of 5 August 2014:

- Stage 01: South Sumatra (OKI and Muba) and Jambi province

- Patch analysis completed in August.
- Draft reports submitted for Jambi, OKI and Muba.
- Stage 02: Riau province
 - Inventory data processing completed in August 2014.
 - Stratification completed in August 2014.
 - Patch analysis completed in September.
 - Draft report for the whole of Riau province submitted.
- Stage 03: East Kalimantan province (Kaltim)
 - Field inventory is complete.
 - Inventory data processing will follow completion in Riau province.
 - Patch analysis to be completed in December.
 - Draft report due to be submitted in January 2015.
- Stage 04: West Kalimantan (Kalbar)
 - Field verification & socialisation in Kalbar completed in September.
 - Patch analysis to be completed in December.
 - Draft report due to be submitted in January 2015.

Plantation Growth & Yield

The comprehensive Growth & Yield report was finalised at the end of Q3. A summary of the report will be made public on APP's FCP monitoring dashboard.

The study enabled APP to evaluate its fibre supply capability and production demand over the next six years. The report concluded that APP has the opportunity and sufficient time to implement a number of improvement strategies, which will enable the company to overcome the projected shortfall in fibre supply. In so doing, the report has provided assurance both that mill production capacity will not be constrained and that APP can indeed meet its FCP commitments.

Integrated Sustainable Forest Management Plans (ISFMPs)

Jambi: the ISFMP pilot project development process has continued in Jambi. TFT provided and integrated Jambi data from the Growth & Yield study, social conflict mapping, and the HCS assessments into a single map for Jambi. Preparations for the first stakeholder consultation were also completed. These consultations took place in October 2014. The ISFMP working group (in Indonesian acronym - Pokja ISFMP) for Jambi region consists of local NGOs and academics was established in November 2014 to verify all assessments and reconcile study recommendations.

Section 4: Peatland Commitment Progress

Policy Commitment two

Peatland Management

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

Following completion of the three-month inception phase, APP continued developing a plan for a second much larger phase of activity to define best management practices on peatland. Deltares has been identified as the lead partner for the development and implementation of this phase of activity. APP is in ongoing discussions with Deltares and Terms of Reference are being agreed.

Recommendations from this phase of activity, along with the results of the HCV, HCS, Social and Growth & Yield assessments, will be used to develop APP's Integrated Sustainable Forest Management Plans (ISFMP).

Section 5: Social Commitment Progress

Policy Commitment three

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 May 2014.

- **Senyerang village, Jambi:** work to back up the agreement with a formal MoU and monitoring role for the Kabupaten government was progressed in August. An Acacia Partnership MoU was agreed so implementation planning can proceed.
- **Sorek district, Riau:** positive support was received from customary leaders to help in solving the boundaries of customary lands. Discussions were held with Forest Protection Department of PT AA and it was agreed the first step toward resolution would be resolving the overlapping land rights conflict between customary leaders.
- **PT Perawang Sukses Perkasa Industri (PSPI), Riau:** PT PSPI came forward with a specific offer under the livelihood crops scheme (Tanaman Kehidupan) to Datuk Rajo Melayu. As the Datuk has not provided any responses, the facilitator (Scale Up) will engage the Datuk to discuss other options.
- **Riding, South Sumatra:** A meeting was held with relevant stakeholders to address the issue of community representation in the mediation. A letter to clarify community representation in the mediation was requested, and delivered, and will provide input for the next round of mediation.

Free, Prior and Informed Consent (FPIC)

- **FPIC implementation – OKI, South Sumatra:** FPIC across the OKI-impacted villages was completed and a final draft report was completed and is under review by TFT. The circulation of this draft was postponed due to a WBH report asserting that the community has not understood FPIC correctly. TFT will discuss the report with WBH after they send a letter on their survey of the FPIC OKI mill process.
- **FPIC Implementation – PT Bumi Mekar Hijau (BMH):** due to conflict between 2 villages, FPIC activity was postponed in August. A meeting with the BMH district was postponed in September due to forest fires in South Sumatra close to PT BMH. A meeting with WBH concluded that the preparation of FPIC should be accelerated, after the forest fires handled. Preparations for FPIC activity were due to start again in October in 2 districts close to PT BMH: S. Gebang & S. Menang (5 villages: Desa Sri Gading, Desa Gajah Mati, Desa Sungai Ceper, Desa Sungai Menang & Desa Karang Sia).

Conflict mapping – China

- **RRI (Rights and Resources Initiative) report on APP land acquisition in China¹:** TFT continued to provide support to APP in responding to RRI reports by facilitating the discussion, development and implementation of an action plan. The action plan is designed to address the challenges and issues within the RRI study and it will be integrated into APP's broader social efforts in China under the company's Forest Conservation Policy.
- **Free, Prior and Informed Consent (FPIC):** TFT and APP-China drafted an FPIC guidance document to drive implementation of FPIC across APP-China's operations. The document is being reviewed by APP. TFT began to develop training materials on FPIC and related social management protocols. Meanwhile, TFT and APP are in the process of consulting external stakeholders to implement FPIC in the China context, where the concept of FPIC is relatively new.
- **Community engagement project implementation:** TFT raised concern about the lack of adequate and experienced APP China Forestry (ACF) human resource on social work during a meeting with APP China in July. An action plan on FPIC implementation including a community engagement project in Yunnan was discussed by TFT, APP-China and the Yunnan Business Unit on 16th September. TFT sought to agree field visit dates to resume community engagement trials at the Hainan and Yunnan Business Units.
- **Social conflict database:** In Q1, we reported that TFT and APP-China had agreed and finalised the database template for social conflict mapping. During Q3, the database underwent modifications and data collection for Yunnan and Hainan provinces continues. Discussions among TFT and related functional departments at APP China Forestry on how to

¹RRI published its study in October. APP welcomed the RRI/Landesia report saying it was "Comprehensive, and provided a strong platform for extending the work APP began in June 2012, when it published its "Sustainability Roadmap Vision 2020."

utilise the data to facilitate positive changes for social conflict management commenced. APP recognises the need for internal capacity building of its field operatives to ensure robust community engagement processes are in place and utilised. Enhanced capacity of its teams will also see improvement in the quality of information being collected.

Section 6: Third-Party Suppliers Commitment Progress

Policy Commitment four

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

- TFT and APP, using the RFPPP (Responsible Fibre Procurement and Processing Policy) and FCP scorecard application, began implementation of a schedule of assessments across all of APP's Indonesian mill operations.
- Further IT development began for a full supply chain mapping and product tracking solution.
- The recently finalised SERA pulpwood risk assessment process was also applied to two new concessions in Kalimantan as APP conducted the first step of its new association process, which ensures all new suppliers comply with the FCP.

China mills

TFT/APP work has focused on risk assessing third-party wood chip/ and pulpwood log suppliers for APP-China's Jinhai, Jingui and Gold East pulp and paper mills against APP's RFPPP, using a tailored scorecard system.

Works linked to Jinhai pulp and paper mill include:

- TFT and Jinhai revised Jinhai's scorecard for assessing third party chip mills.
- TFT started to draft Jinhai RFPPP Review Report, summarizing project implementation since 2013 in Jinhai, including findings during third party chip mill visit, new tools and measures developed for Jinhai procurement team, the challenges and related actions in the future.
- TFT continued work on a Toolbox based on practices and experiences from Jinhai's RFPPP implementation. The Toolbox will be used for RFPPP training and implementation in Jingui and Gold East in the future.
- APP and TFT started to plan a workshop in late 2014 or early 2015, to review APP China mill's overall fibre supply chain, identify gaps and develop systematic action plan to strengthen DDS.

Jingui pulp and paper mill

- TFT reviewed and refined on-site inspection methodology and checklist to monitor and evaluate domestic third party chip mills performance.
- At APP China's request, TFT China drafted a product legality checklist template and shared it with APP China.

Gold East pulp and paper mill

- TFT conducted field assessments of APP's chip mill supplying chips to Gold East. TFT finalised the drafting of RFPPP Report working with Gold East.

Vietnam supply to APP-China mills

- TFT developed a tier 2 and tier 3 supplier risk map. The result of the mapping is now subject to internal review. APP Vietnam now has maps showing sourcing regions and the inherent risks of wood chip sourcing in Vietnam. Supplier risk maps are dynamic in nature with frequent updates taking place to capture new information.

APP-China Forestry Scorecard

- TFT visited the Guangdong business unit in July and September where the scorecard is being trialled before roll-out to other business units. Based on these ground assessments, TFT made suggestions for further improvement to APP-China and the Guangdong business unit. Further onsite evaluations are being planned for October.

Section 7: China, Forest Restoration

Hainan Ecological Restoration Programme (HERP)

- The first stakeholder workshop was held on 3-4 July in Hainan, and was attended by about 40 delegates from the governmental agencies, research institutes, NGOs, local communities, APP China Forestry, APP China HQ in Shanghai, APP Jingui mill and media. The purpose is to proactively seek solutions regarding complex issues brought by the rezoning of conservation areas in Hainan, and related impacts for plantation operators including APP, villagers, and conservation area management agencies, through inclusive and transparent multi-stakeholder dialogue.
- During the workshop, most participants signed an open letter, aiming to mobilize broad support from all walks of society for the ecological restoration initiative and general conservation efforts in Hainan championed by local government.
- After the workshop, ACF and TFT have been discussing with officials at Hainan provincial level about the possible policy solutions and are in the process of finalizing a formal Policy Advice Letter. The letter will be submitted to Hainan Provincial Forestry Administration and to State Forestry Administration Bureau in Beijing afterwards.

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