

**TFT Progress Report on Asia Pulp & Paper Group (APP)  
Forest Conservation Policy Commitments  
Reporting period: January – April 2015  
Date: April 2015**

This is the ninth 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 from October 2014 to April 2014. Earlier progress reports can be viewed [here](#) (8th report), [here](#) (7<sup>th</sup> report), [here](#) (6<sup>th</sup> report), [here](#) (5<sup>th</sup> report), [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).

This will be the last TFT report in this format. After April 2015, TFT will provide 6 monthly progress updates in a new format, reflecting the changing focus in APP's FCP implementation on the ground. The next report will be due in October.

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

- **Peat-land Best Management Practices (PBMP)**  
Deltares was appointed to lead a two-year peat-land project designed to identify peat-land best management practices for APP's suppliers' concessions.
- **Rainforest Alliance (RA) Evaluation**  
Rainforest Alliance published its findings from its evaluation of APP's progress to meet its FCP commitments. A panel event was held in Jakarta where the findings were discussed and APP announced its FCP implementation plan for 2015 and beyond. The full RA reports and findings can be accessed via the RA website [here](#) and APP's action plan can be accessed [here](#).
- **Forest Protection Manual:** in November and December 2014, TFT drafted a new Forest Protection Manual and Process designed to improve guidance to APP suppliers on how to secure their concession areas. Input on the Manual and Process was received by teams on the ground and the Manual was signed off in April.

## **Section 2: Moratorium Status**

APP's moratorium on natural forest clearance remains intact and no breaches were identified during the reporting period. However natural forest clearance did occur by third party.

### **Moratorium Monitoring – ground checking**

A fifth round of the Independent Observer (IO) monitoring programme was conducted in December 2014.

### **PT Kalimantan Sumber Permai (KSP), West Kalimantan**

Natural forest clearance was found during IO monitoring. Land clearing, illegal road development and illegal logging within PT KSP concession areas (West Kalimantan region) was carried out by third parties. The areas itself are designated in its Long Term Plan (RKU) for community livelihood plantation (tanaman kehidupan) area.

### **PT Mutiara Sabuk Khatulistiwa (MSK), Riau province**

A moratorium breach allegation was received from Indonesian NGO, Jikalahari. A subsequent joint TFT/APP/Sinar Mas Forestry Investigation was conducted. The investigation found that there was land clearing activity for a coconut hybrid plantation by the local community in the overlapping concession boundary area between PT MSK and the palm oil company PT SAL (not owned by Sinar Mas Group/APP). APP has issued a warning letter to PT MSK and reaffirmed the reporting procedure for violation of the FCP and is taking steps to resolve the legal status of the overlap area with PT SAL. A copy of the investigation report can be accessed on the APP dashboard [here](#).

## **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:** assessments for all 38 concessions were completed in mid-February 2015. Public summaries will be uploaded to APP's FCP monitoring dashboard [here](#).
- **High Carbon Stock (HCS) assessments:** the HCS assessment process (patches analysis and land cover) and final reports are now complete. These reports have been passed to the teams developing the Integrated Sustainable Management Plans – see ISFMP section below. Stakeholders will be consulted on the HCS assessment results as part of the ISFMP process.
- **Plantation Growth & Yield:** implementation of APP's plantation productivity and wood supply efficiency plan is ongoing following recommendations from the comprehensive wood supply study undertaken by TFT/Ata Marie Group in 2013/2014. Rainforest Alliance and APP agreed the scope of activity for the independent RA evaluation of APP's Growth & Yield process, and the evaluation got underway with completion expected in June 2015.

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

Timelines for the roll out of ISFMP development across all APP suppliers' concessions can be found on APP's FCP monitoring dashboard [here](#).

### Jambi:

- Public/stakeholder consultations were held 28-29 Oct, in Jambi. Working groups (Pokja<sup>1</sup>) were established to develop the ISFMP with kick-off meetings held on 27-28 Nov 2014.
- Assessment results (HCS/HCS/G&Y/Social) were distributed in December followed by desktop studies. Ground checking was then undertaken 15 Dec – 15 January 2015.
- A workshop was held in February with all districts to socialise the development of the ISFMP and to finalise the schedule for the process in Jambi.
- Further activities in Jambi were postponed in April due to the incident at APP supplier WKS<sup>2</sup>.

### OKI

- A meeting was held in January with all stakeholders to socialise all assesment results (HCS, HCV, G&Y and Social) for the area and to prepare for work in February utilising the spatial and non spatial recommendations.
- A Working Group (Pokja) was established in February to commence ISFMP development. The existing standard operating procedures (SOPs) supporting the ISFMP was also reviewed.

### Muba

- A kick off meeting of the Pokja was held in April 2015. This included a desk study to be followed by ground-checking.

### Kaltim

- Preparation for ISFMP to be carried out following the completion of conflict mapping.

## Section 4: Peat-land 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.*

- **Peat-land Best Management Practices (PBMPs):** Deltares was identified to lead the development and implementation of a second phase, of peat-land activity. Terms of Reference (ToR) were agreed in November 2014. The objective of this second phase of work is to develop and implement Peat-land Best Management Practices in and around APP's concessions. The work will be conducted over a two-year period and it will include LiDar<sup>3</sup> mapping of over 5million hectares of Indonesian peat-land. For more information on the peat-land activity plan, please go to APP's FCP monitoring dashboard [here](#).
- The second phase of peat-land activity got underway in December 2014. As of end April 2015, a number of activities were either completed or underway, including:

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<sup>1</sup>Pokja's consists of Dinhut, conservation and social NGOs, community representatives, and academics. Membership is 10 people max.

<sup>2</sup> See <https://www.asiapulppaper.com/news-media/press-releases/update-incident-wirakarya-sakti-wks-jambi>

<sup>3</sup> A remote sensing system with laser that can identify peat depth and forest cover height among others.

- Development of a system to standardise the monitoring and reporting of water level management in APP concessions.
- LiDar mapping was undertaken for all of Sumatra. The data are currently being processed.
- A quick scan has been completed for all regions. Full LiDar data will be required before quick scan findings can be used to develop recommendations.

## 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:

- **Senyerang village, Jambi:** a formal MoU for an Acacia partnership with the local co-operative was finalised. The rubber plantation partnership is being monitored by a multi-stakeholder group on an ongoing basis. A multi-stakeholder monitoring report was completed and delivered to the district government agency.
- **PT Perawang Sukses Perkasa Industri (PSPI), Riau:** conflict mediation was carried out on 16-17 December 2014. Details of an agreement were discussed and a Statement of Agreement was given by Datok Rajo Melayu, accepting the terms and offer from PSPI. These terms are to be incorporated in an MoU before end of April.
- **Riding, South Sumatra:** conflict mediation was carried out in November 2014 which resulted in an agreement from all parties. An MoU capturing the agreement was prepared and has gone through several revisions. An evaluation between the mediator, TFT and APP/SMF was also held.
- **Sorek, Riau:** Conflict resolution action plan (RKPK) was formulated following a meeting to prepare the pilot implementation concept paper. The RKPK was then presented among different departments in PT Arara Abadi (AA), which also attended by SMF HQ & TFT. The RKPK is now awaiting approval from SMF in HQ.

## Free, Prior and Informed Consent (FPIC)

- **FPIC implementation – OKI, South Sumatra:** The completion of the FPIC report for OKI was paused in order to respond to a report being finalised by WBG, who had engaged with the impacted communities themselves in the course of an independent review. Meanwhile, field verification on a new land claim in Bukit Batu village by 8 villagers from Sungai Rasau hamlet was begun in November 2014 by the OKI and TFT team. The field verification has then been postponed due to legal issue within the community group.
- **FPIC Implementation – PT Bumi Mekar Hijau (BMH):** FPIC training and participatory mapping in 5 villages around PT BMH got underway. A land tenure SOP will be trialed in the field.
- **FPIC Implementation – PT KEN:** PT KEN is an APP concession operated under an eco-system restoration license. A discussion on the FPIC methodology for PT KEN was held.

## Social – China

- **Management:** TFT provided assistance in drafting an FPIC guidance document, social conflict management protocol and grievance policy for APP-China, to strengthen APP China Forestry (ACF) internal protocol on social management. The latter two documents are expected to be combined into one before review and implementation.
- **Management enhancement:** A land acquisition guidance has been published and put into effect by APP-China and distributed to all Business Units. Social conflict training was held in Guangxi and Lancang and a final review involving APP China Forestry Sustainability Department and Forestry Protection Department as well as APP China Forestry senior management, of grievance and social conflict management protocol was conducted.
- **Conflict mapping database:** Lancang and Hainan business unit (BU) have completed the initial data gathering process. TFT and APP will address the concern of lack of robust data verification and consistent data recording and utilization process, and will also enhance the related functional department cooperation on overall social management at APP China Forestry.

**Community engagement project implementation:** Social community projects in Zhongtun forest farm (FF) and Lancang Forest Management Unit (FMU) are expected to generate lessons learned before full roll out across ACF. Three sites (Xiaohebian, Shanglitou, and Huinong) were visited in Lancang, to identify proper project implementation site and project action plan. Lancang is in the process of assessing signed contracts and reaffirming land boundaries with communities. FPIC principles are still not robustly applied and ongoing capacity building has been identified as an important element for the longer term enhancement of relations with local communities. Huinong community engagement will focus on capacity building of FPIC principle for ACF operatives.

- **FPIC:** FPIC training was conducted in Yunnan and Guangxi to 30 participants (at forest farm head level), as part of the efforts to embed FPIC in APP China Forestry's operation. A FPIC SOP will be developed. APP China Forestry recognises the need for further FPIC training and is planning to have this being rolled out more widely.

## 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

- The recently finalised Supplier Evaluation & Risk Assessment (SERA) pulpwood risk assessment tool/process was applied to two potential new suppliers as well as three groups of community forests (hutan rakyat) in Jambi and South Sumatra. A number of corrective actions were identified for implementation by those suppliers to ensure compliance with the FCP.
- TFT & APP team carried out product tracking assessment to LPPPI Jambi, Tjiwi Kimia and Pindo Deli Karawang. The result was presented to APP management to develop product tracking system. TFT and APP are currently reviewing the design of the product tracking system.
- Mills scorecard had included checkpoint related to validation of pulpwood received from suppliers in the mills. Scorecard assessment was carried out to 11 mills and resulted in a number of corrective actions to be implemented by mills. Scorecard application had been improved to fit with APP internal system. Trainings for APP's staffs were carried out and installation is still ongoing.

#### China mills

TFT's work has focussed on risk assessing third-party woodchip/ and pulpwood log suppliers for APP-China's Jinhai and Jingui pulp and paper mills against APP's Responsible Fiber Procurement & Processing Policy (RFPPP), using a tailored scorecard system.

TFT has been providing support to APP China for designing the roles and responsibilities of key position and recruiting new staff to deal with staff turnover at APP China sustainability team.

#### Jinhai mill

- TFT finalised the 2013-14 RFPPP review report. Jinhai and TFT are revising and developing supply chain traceability monitoring and supply chain risk assessment SOPs, to enhance Jinhai's management system on traceability and legality on fibre sourcing.
- TFT and Jinhai are updating tools to help the domestic third party chip suppliers further improve their practices and ensure their alignment with APP group's policy on fibre sourcing legality and traceability.
- TFT and APP held Due Diligence System (DDS) workshop on 20-22 Jan 2015 at Jinhai mill. In total, 42 participants from 6 APP China mills, 2 trading agencies, APP Indonesia, TFT UK, TFT Vietnam and TFT China joined the workshop and shared experiences, questions and concerns on DDS in pulp and paper supply chain. Following the workshop, TFT drafted "to do list", to formulate

output of the workshop into list of actions, spreading in the area of: pulp supply chain DDS, chip supply chain DDS and VN sourcing.

#### Jingui mill

- In early 2014, TFT made contact with Jingui's new fibre procurement team and agreed to start RFPPP assessment at Jingui after conducting the annual RFPPP review at Jinhai, to allow an experience and knowledge transfer process from Jinhai to Jingui. TFT visited Jingui mill and three third party chip mills supplying chip to Jingui, and provided RFPPP training to Jingui procurement staff and the third party chip mills.

#### Gold East (GE) mill

- APP China HQ and TFT visited GE mill and provided training on third party chip mill assessment against RFPPP to one chip mill supplier to GE, in late April. Scorecard assessment of one of GE's supplying chip mills was conducted.

#### Vietnam supply to APP-China mills

- TFT have developed a strategy and methodology which outlines the steps to implement a "Catchment sourcing" approaches for Vietnam sourcing.
- Discussions between APP-China and TFT-China on the work to map the Vietnam chip supply chain were held. TFT will begin to develop a 'working mechanism' to assist suppliers / chip mills to implement RFPPP.
- A traceability training package was refined to provide training to chip mills.
- APP Vietnam and TFT Vietnam conducted a field visit to 17 chip mills during 14-21 April 2015. During the trip TFT gained a better understanding about pulpwood supply chain in Vietnam.
- TFT China and TFT Vietnam reviewed SERA procedures and submitted to APP China.

#### **APP-China Forestry Scorecard**

- TFT completed scorecard training and assessment in Guangdong in November 2014 and subsequently developed Scorecard Report and Corrective Action Plan for Guangdong. TFT assisted Guangdong BU in building a task group on Health & Safety, a major element in scorecard assessment in Guangdong.
- TFT developed a draft Scorecard Manual in January 2015 and conduct training on scorecard use to ACF staff from Guangdong, Guangxi, Hainan, Wenshan and Lancang BUs and FMUs, and solicited comments from ACF staff regarding the Scorecard Manual.
- In March 2015, timeline for Scorecard implementation in 2015 across Guangdong, Guangxi, Yunnan, Hainan, Lancang and Wenshan has been decided. ACF BU has challenges around access to suitable staff to deploy the work. This has the potential to impact on the timelines agreed and is under review internally.
- TFT conducted in the field training on and assistance in scorecard use in Guangxi and Lancang in April 2015. TFT is continuing collecting feedbacks from ACF regarding Scorecard Manual and will further revise the document accordingly.

## **Section 7: China, Forest Restoration**

### **Hainan Ecological Restoration Programme (HERP)**

- TFT and ACF discussed the HERP during an annual review meeting in December, and agreed to kick off the project by selecting one pilot area (likely in Wuzhishan nature reserve). TFT is preparing a proposal for a detailed action plan and will share with ACF soon for further discussion.
- APP is taking a proactive role in supporting a multi stakeholder dialogue around the complex issues associated with expansion of protected area and reserve boundaries and is also willing to progress a number of targeted trials to be able to better provide the stakeholders and Government land managers with scientific and technical input to Government coordinated restoration plans.

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