



VERIFICATION RESULTS
RELATED TO ALLEGED VIOLATIONS OF
THE NATURAL FOREST CLEARANCE
MORATORIUM

At

PT. ASIA TANI PERSADA
AND
PT. DAYA TANI KALBAR

By The Forest Trust

Jakarta, 2 April 2013

A. Media Reports Related to the Alleged Violations

APP suppliers are allegedly breaking the FCP commitments (see link: [http://www.asiapulppaper.com/portal/APP_Portal.nsf/Web-MenuPage/0DEB4827F2721F1247257B160014A8F5/\\$FILE/APP%20Forest%20Conservation%20Policy-ENGLISH.pdf](http://www.asiapulppaper.com/portal/APP_Portal.nsf/Web-MenuPage/0DEB4827F2721F1247257B160014A8F5/$FILE/APP%20Forest%20Conservation%20Policy-ENGLISH.pdf)).

<http://news.mongabay.com/2013/0329-app-afp.html>

<http://news.mongabay.com/2013/0327-dparker-app-west-kalimantan.html>

Tribun Pontianak 26 March 2013, page 15

Perusahaan Masih Tebangi Hutan Alam

PONTIANAK, TRIBUN - Re-lawan Pemantau Hutan Kalimantan (RPHK) Kalimantan Barat menyampaikan keberatan terhadap Kebijakan Konservasi Hutan yang diumumkan oleh Asia Pulp & Paper (APP) yaitu sebuah perusahaan produsen kertas raksasa, pada Februari 2013.

Pasalnya, RPHK menemukan dua pemasok independen APP di Kalbar yakni PT ATP dan PT DTK yang masih melakukan penebangan hutan alam, pembersihan lahan dan penggalian kanal pada gambut dalam.

Sikap keberatan tersebut disampaikan RPHK yang merupakan organisasi bentukan dari 7 organisasi dan jaringan masyarakat itu, dalam jumpa pers dengan awak media di Jl Perdana, Restoran Bumbu Pedas, Senin (25/5). Koordinator WWF Indonesia, Ian Hilman yang menjadi

satu di antara organisasi yang tergabung dalam RPHK menjabarkan dokumen protokol moratorium Clearance butir 1 berbunyi Penebangan dan pembukaan lahan dihentikan paling lambat tanggal 31 Januari 2013.

Baik di areal tegakan hutan alam maupun di areal Lahan Terbuka (LT) dan Belukar Muda (BM) sampai adanya verifikasi.

Terkait pengelolaan lahan gambut, lanjutnya, ditegaskan pula Tidak ada kegiatan pembuatan kanal dan kegiatan infrastruktur lainnya di konsesi pemasok APP setelah kegiatan penilaian HCVF oleh penilai independen selesai dilaksanakan serta mendapatkan masukan dari ahli.

Sedangkan protokol moratorium clearance butir 2 berbunyi semua unit alat-alat berat (A2B) yang dipergunakan untuk kegiatan

penebangan, pembukaan lahan, pembuatan jalan dan kanal (sesuai dengan daftar yang diserahkan) disimpan di tempat yang ditetapkan.

Ian mengatakan, pada Maret 2013 RPHK melakukan pemantauan terhadap tiga perusahaan pemasok APP di Kalbar. Lantas menemukan dua perusahaan yakni PT ATP dan PT DTK masih menjalankan aktivitas penebangan hutan maupun pembukaan kanal baru pada lahan gambut.

"Temuan ini terekam jelas dalam video dan foto bagaimana alat-alat berat masih beroperasi di areal konsesi perusahaan," ungkapnya.

Juru bicara RPHK, Baruni Hendri menyatakan keprihatinannya atas penebangan hutan yang dilakukan dua perusahaan itu.

"Temuan kami menunjukkan ketidakseriusan APP untuk menjalankan Kebijakan

Konservasi Hutan. RPHK sebagai bagian dari masyarakat sipil meragukan keseriusan pelaksanaan komitmen itu," ujarnya.

Sedangkan Eksekutif Daerah Walhi Kalbar, Anton P Wijaya mengimbau agar pembeli pulp dan kertas di dunia untuk bersikap skeptis dan menunggu *update* baru dari hasil verifikasi LSM independen terhadap implementasi lapangan yang terpercaya terkait komitmen kebijakan konservasi hutan APP sebelum membuat keputusan pembelian yang baru.

RPHK yang terdiri dari AK-AR, JPIK Kalimantan Barat, Link-AR Borneo, Perkumpulan Sampan Kalimantan, Lembah, Titian dan WWF Indonesia menegaskan akan terus memantau kinerja dari dekat APP dan akan terus memberikan perkembangan terbaru kepada publik. (ful)

Prior to the verification activities, TFT and APP proactively requested more data and information from RPHK, an NGO consortium. RPHK was also invited to join the verification team; however, they were unable to join.

Field verifications took place 28 March – 1 April 2013 by TFT and APP.

B. PT. Daya Tani Kalbar (DTK)

Media Coverage:

- ❖ Activities involving heavy equipment are continuing to clear natural forests in DTK's concession area.

CONCLUSION

- a. **Overlapping areas between DTK’s industrial plantation forest (HTI) concession and GBR (oil palm plantation) have not been settled by the Government. DTK first brought this to the attention of Government in 2009.**
- b. **Four excavator units were preparing land for the development of oil palm plantations, which was conducted by PT. Puri Aneka Rejeki (PAR), a GBR contractor. The contractor does not work with DTK.**
- c. **Timber cleared by GBR contractors is being used locally for construction purposes, such as planks and beams at the discretion of GBR. The remaining unused wood had been stacked at the location.**
- d. **There are no indications of ownership and management links between DTK, PAR and GBR.**
- e. **There were no violations found against APP’s moratorium commitments by DTK.**

SUMMARY OF GPS COORDINATE POINTS

Media Release	Within DTK	Outside DTK	Overlap with Other Lincense
S 0°45’37.80” E 109°48’52.21”	✓		✓
S 0°45’37.71” E 109°48’52.33”	✓		✓

The above conclusion was drawn after the following steps were taken:

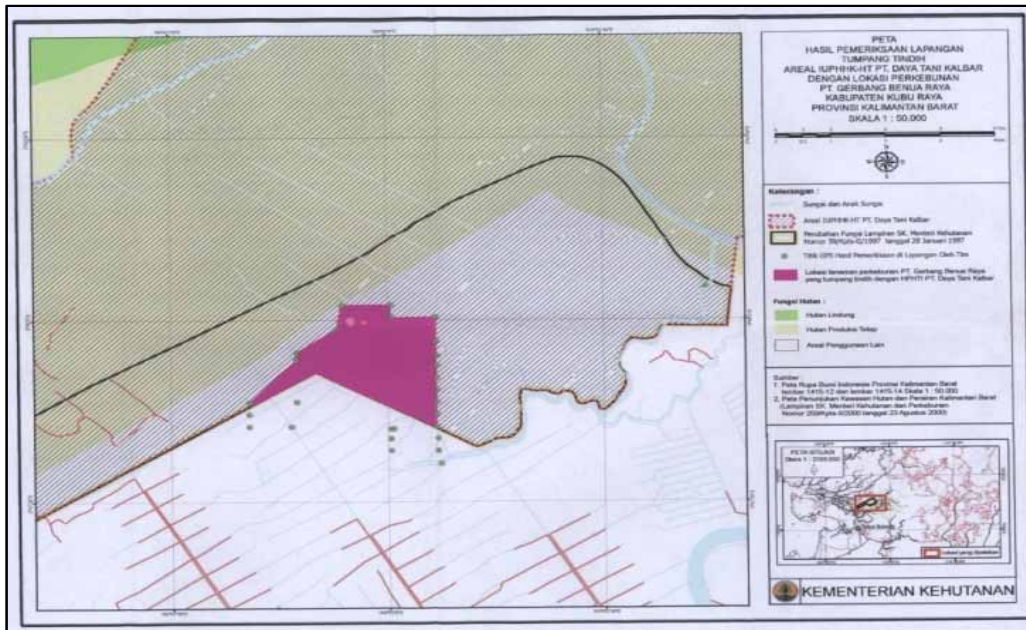
1. Document Verification

- ❖ Ministry of Forestry Decree on DTK’s license for industrial forest plantations (IUPHHK) No. SK. 60/kpts-II/1997 with a 56,060 hectares (ha) concession area.
- ❖ Long-term planning permit (RKUPHHK – HTI) for a period of ten (10) years (2008-2017), as stipulated in Decree No. 402 / VI-BPHT/2008 dated 17 November 2008.
Land Allocations in DTK concessions, according to RKUPHHK-HTI data over a ten-year period (2008-2017):

No	Land Allocation	Area (Ha)	Percentage Area (%)
1.	Protected Forest	1,409	2.5
2.	Limited Production Forest	3,284	5.9
3.	Production Forest	46,365	82.7
4.	Land for Non-Forest Purposes (APL)	5,004	8.9
Total		56,060	100

- ❖ Letter from DTK's Managing Director to the Ministry of Forestry No. 013/DTK-PTK/III/2009 dated 10 March 2009 concerning overlapping areas between DTK and PT. Gerbang Benua Raya (GBR).
- ❖ Letter from the Head of Forestry and Plantations in Kabupaten Kubu Raya No. 522/40/Hutbun.B3/2009 dated 2 March 2009 concerning overlapping areas between DTK and GBR.
- ❖ Response letter from the Ministry of Forestry to the Bupati of Kubu Raya No. S.565/Menhut-II/2009 dated 22 July 2009, concerning the overlapping work areas between DTK's IUPHHK-HTI and GBR in West Kalimantan, the contents of which consist of five points. The fifth point stated that the Ministry of Forestry questioned the Bupati of Kubu Raya decision to issue GBR's oil palm license and requested the immediate suspension of the GBR's license within its 4,274 ha concession area.
- ❖ Letter from the Bupati of Kubu Raya to DTK's Managing Director No. 188/0516/HK dated 5 May 2010 asking DTK to suspend its community socialisation activities in the GBR area. This is due to: (a) GBR was granted a location license from Kabupaten Pontianak's government as stated in Bupati Decree Letter No. 323 of 2007 dated 1 November 2007 covering 13,400 ha, of which the entire area is in APL; (b) GBR was also granted a oil palm plantation permit, as stated in Bupati Decree Letter No. 09 of 2009 dated 1 November 2009.
- ❖ PAR is not a DTK contractor.
- ❖ The four excavator units found working in the field were not included in the list of DTK's heavy equipment, according to the Stock Inventory (also known as Stock Opname or SO)¹ official report.
- ❖ Based on the SO map results, the coordinates mentioned in www.mongabay.com – S 0°45'37.80" E 109°48'52.21" and S 0°45'37.71" E 109°48'52.33" – are inside the overlapping area between DTK and GBR.
- ❖ Below is a Ministry of Forestry map from the inspection showing the overlap between DTK's and GBR's concession areas.

¹Stock Inventory / Stock Opname (SO) are inventory activities in the field for land clearing boundaries in the form of field markings and delineation maps., Mixed Hardwood from natural forest (MHW) stocks and heavy equipment conducted by TFT, APP and suppliers, starting 1 February 2013. TFT, APP and independent observers will use the SO data base to monitor and verify the implementation of the moratorium and the movement of MHW. Please see Annex A for details.

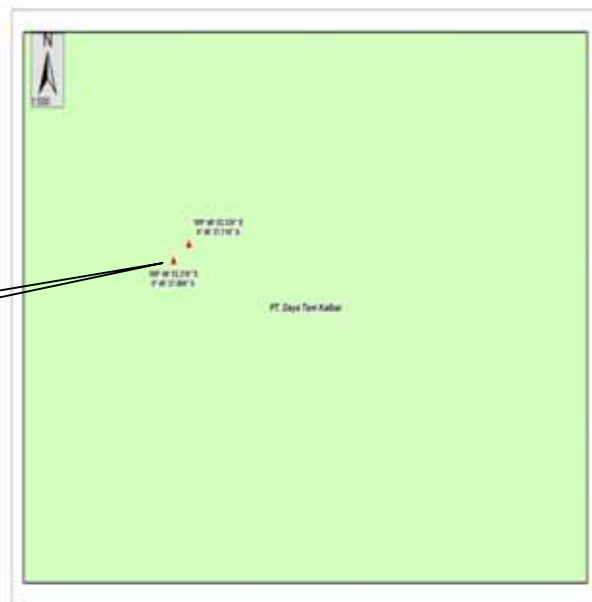
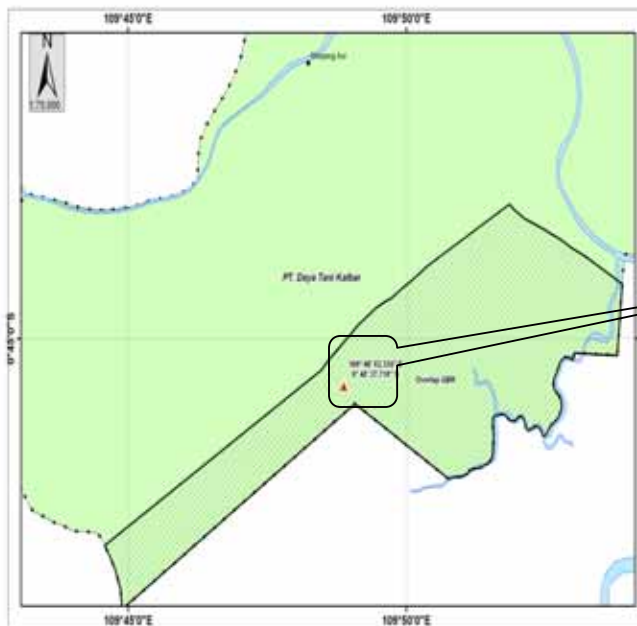


2. Field Verifications

- ❖ Coordinates mentioned in www.mongabay.com – **S 0°45'37.80" E 109°48'52.21"** and **S 0°45'37.71" E 109°48'52.33"** – were plotted into DTK's concession map for field verification purposes.

S 0°45'37.80" E 109°48'52.21"

S 0°45'37.71" E 109°48'52.33



- ❖ Field verifications conducted referred to the coordinates mentioned in www.mongabay.com: S 0°45'37.80" E 109°48'52.21" and S 0°45'37.71" E 109°48'52.33".



Photographs of Alleged Violations by DTK in the Media

- ❖ Field verifications with respect to the corresponding coordinates in the figures showed the following:
 - Old land clearing activities were found inside the overlapping area between DTK and GBR. The following are photographs of the land conditions north, south, east and west from the coordinates in www.mongabay.com.

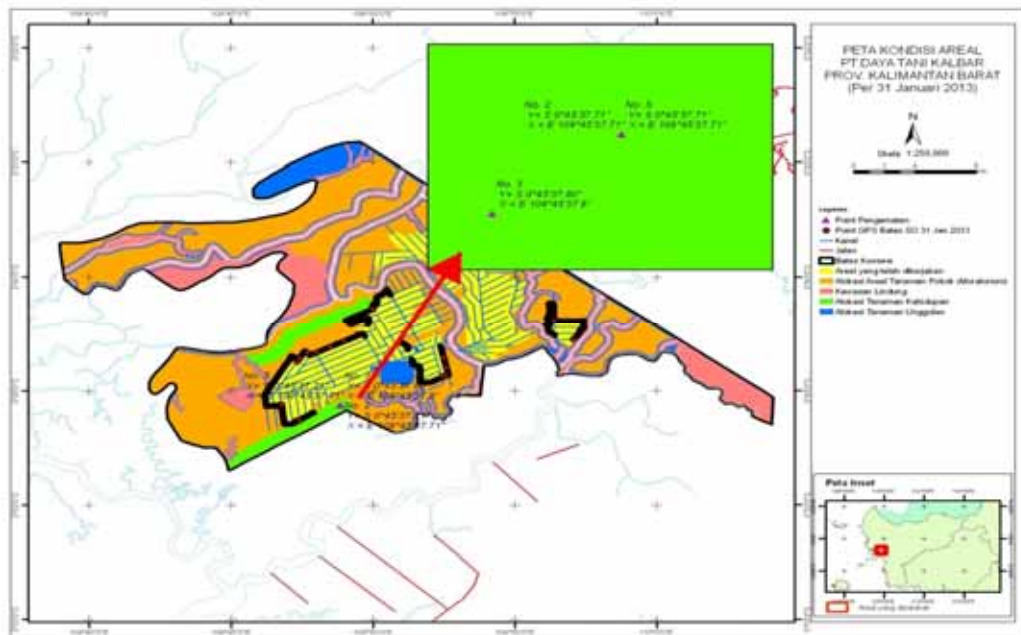


- b. 15 metres south of the coordinates in www.mongabay.com showed oil palm plants that are roughly one and a half years old in GBR's concession.
- c. 300 metres north of the coordinates, land clearing activities were seen being conducted by four excavator units. Starting at the point of these activities, the following are photographs showing north, south, east and west.



- ❖ The verification team met and interviewed people operating the excavators. From the interviews, information was obtained that the operators and the excavators used were respectively employees and properties of PAR, a contractor that prepares the land for GBR's oil palm development. The excavators were located roughly 300 metres north from the location reported by the media. The exact GPS coordinates are as follows: **S 0°45'28.9" E 109°48'56.8"** (broken tool, unit number PAR-EXC. 31); **S 0°45'24.3" E 109°48'52.4"** (no unit number); **S 0°45'22.9" E 109°48'52.9"** (unit number PAR-EXC. 66); and **S 0°45'20.4" E 109°48'52.7"**.
- ❖ From an interview with a villager of Muara Tiga village and an excavator operator, it was discovered that timber from the land clearing was partially used locally for construction purposes, such as planks and beams, while small diameter timbers were stacked at the location.

- ❖ The team also verified the closest SO boundaries and land markings to the coordinates specified in www.mongabay.com. The closest SO land location is \pm 2 kilometres from the coordinates mentioned. Markings in the form of tape indicating the Moratorium boundaries, as stipulated in the SO, remain present, visible and in a good condition. As such, the boundary markings are clearly indicated. The photographs below show some of the verification results for the SO boundaries: **S 0°45'57.6" E 109°47'54.0"**, **S 0°46'00.8" E 109°47'49.8"** and **S 0°46'02.5" E 109°47'47.4"**.



C. PT. Asia Tani Persada (ATP)

Media Coverage:

- ❖ Activities involving heavy equipment are continuing to clear natural forests in the ATP concession area.
- ❖ Canal construction activities are present in the ATP concession area.

CONCLUSION

- a. The canal construction, found within ATP's concession area, was done in an area that was already cleared before February 1st 2013, to get the felled wood out. No new forest clearing took place to build this canal. The plan to construct the canal to access the felled wood, that is wood that had been felled prior to February 1st 2013, had been discussed and agreed between TFT, ATP and APP in February 2013. In summary – no new forests were felled and there's no breach of APP's Forest Conservation Policy.**
- b. Areas of overlap exist between ATP's Industrial Forest Plantation (HTI) concessions and KUTJ (a bauxite mine), in accordance to their respective licenses.**
- c. Land clearance and construction of a canal was taking place for KUTJ mining operations. KUTJ has stated that none of this timber will be used.**
- d. No indications of ownership and management links between ATP and KUTJ.**
- e. No violations were found against APP's Moratorium commitments by ATP.**

SUMMARY OF GPS COORDINATE POINTS

Media Release	Within APP Supplier Area	Outside APP Supplier Area	Overlap with Other License
S 0°34'47.80" E 109°59'50.01"	✓		
S 0°15'47.16" E 109°58'32.74"		✓	

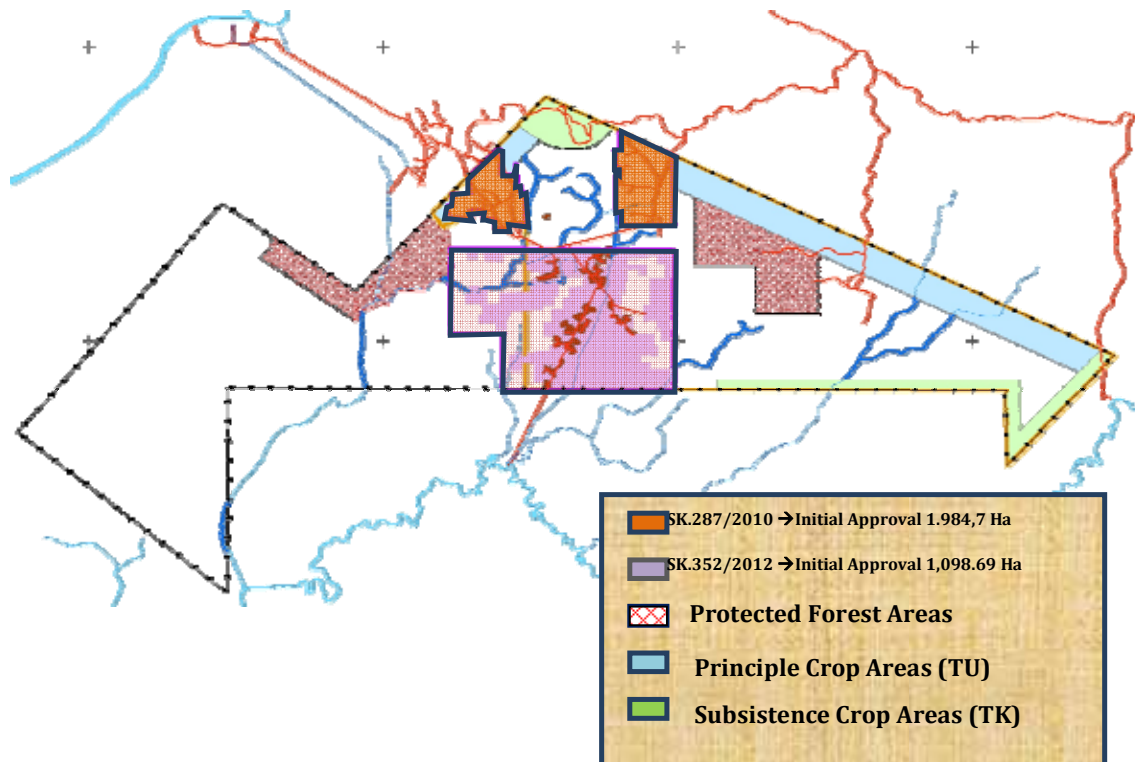
The above conclusion was drawn after the following steps were taken:

a. Verification of Documents

- ❖ Ministry of Forestry Decree on ATP's license for industrial forest plantations (IUPHHK) No. 353/MENHUT-II/2010 dated 31 May 2010 for 20,740 ha in Kabupaten Ketapang.
- ❖ Long-term planning permit (RKUPHHK – HTI) for a ten-year (10) period (2011 – 2020), as stated in Decree No. 182/VI-BPHT/2010. Land allocations in ATP's concession in accordance with RKUPHHK-HT data over ten years (2011 – 2020):

No	Land Allocation	Area (ha)	Percentage Area (%)
1	Protected Areas	2,183	10.53
2	Non-effective Production Areas	985	4.75
3	Effective Production Areas	17,572	84.72

- ❖ Forestry Ministerial Decree No. 287/Menhut-II/2010 dated 21 April 2010 on forest usage permits for the exploitation of bauxite and supporting facilities at permanent production forest areas for PT. Karya Utama Tambang Jaya (KUTJ) with an area of 1,707.4 ha in Kabupaten Ketapang and West Kalimantan.
- ❖ Forestry Ministerial Decree No: 352/ Menhut-II/2012 dated 20 July 2012 on forest usage permits for production operations (exploration) for bauxite and supporting facilities at permanent production forests with an area of 1,098.69 ha for KUTJ in Kabupaten Ketapang, West Kalimantan.
- ❖ Map overlapping ATP and KUTJ.



2. Field Verifications

- ❖ Photographs from www.mongabay.com.
- ❖ The verification team checked the coordinates, as mentioned in the www.mongabay.com article, on the ground and found:
 - a. GPS coordinates **S 0° 34'47.80" E 109°59'50.01"** are located in the protected area of ATP's concession.
 - b. Conditions in the coordinate area are still forested, as seen in the photographs below that show the conditions north, south, east and west.



- ❖ The team expanded the verification location to a 50 metre radius north, south, east and west from the above coordinates, and found identical forest stand conditions.
- ❖ Field checks indicate that the Moratorium's boundaries, based on the SO, were not disturbed.
- ❖ Outside the area defined by the Moratorium, in areas that were cleared before 1 February 2013, a 1 kilometre canal was constructed for the extraction of timber felled before 1 February 2013, in accordance with the SO official report. During the SO process, the team identified the need to construct the canal in the area that was cleared prior to February 1st 2013, to get the felled wood out. This agreement between TFT, APP and ATP has been officially recorded. The canal construction was completed on March 26th 2013.
- ❖ Addition findings revealed ongoing canal construction by KUTJ, a bauxite mining company, for waste disposal in front of ATP's security check point at coordinates **S 0° 35'44.40" E 110°03'16.1"**.
- ❖ Wood felled during the construction of the canal for the disposal of waste and land clearing by KUTJ in ATP's concession is not being fully used.

Notes: All data mentioned in this report can be provided for verification on request by emailing sustainability@app.co.id.

ANNEX A

Moratorium on Natural Forest Clearance Protocol

(Draft protocol as of February 2013. This will subject to revisions based on stakeholders' input during Focus Group Discussions in Feb-March 2013)

BACKGROUND

- APP believes in business sustainability that balances ecosystem conservation and community empowerment. It is important to APP that we implement targeted and measureable actions to responsibly manage the natural resources that we use.
- In June 2012, APP launched its Sustainability Roadmap: Vision 2020 and we are committed to achieve all targets that we have set for ourselves and continue to demonstrate to our stakeholders that we have the capacity to produce responsible products.
- A set of policies have been developed to support our efforts to realize our Sustainability Roadmap goals. These policies include the APP Responsible & Sustainable Business Declaration and the Forest Conservation Policy (FCP) that covers commitments to protect HCVF and HCS, to implement best practices in peat land management, and social and community engagement, and to ensure responsible forest management, throughout our wood supply chain.
- One implementation of the FCP is the suspension of natural forest clearance (Moratorium of Natural Forest Clearance) for the development of forest plantation that would be raw material sources for APP's pulp and paper production until HCV assessment and HCS study are completed.
- Based on the assessment of independent suppliers using a scorecard system based on compliance to RFPPP, APP has announced a moratorium on natural forest clearance, which begins on February 1st, 2013, for all its suppliers through an official letter dated December 13th, 2012 to the respective suppliers.
- The suppliers are given time to respond to the moratorium announcement at the latest on January 25th, 2013. This protocol shall apply to suppliers which have agreed to the moratorium.

OBJECTIVES

As a reference for the staff and management of APP and its suppliers in the implementation of the natural forest clearance moratorium throughout APP suppliers' concession.

GENERAL TERMS

1. Mixed Hard Wood (MHW) is wood sourced from natural stands which can be round wood (KB), small round wood (KBK) or waste (for example: hollowed and rotted wood, stumps, branches/twigs).
2. MHW which are acceptable in APP mill after the January 31st, 2013 are:
 - a. MHW logs which **resulted from clearance until January 31st, 2013, and:**
 - i. have been reported on the clearance report (LHP) which in line with Critical Control Point (CCP) node until January 31st 2013; or
 - ii. have undergone Stock Inventory (SO) according to CCP node which comes with Round Wood Transport Receipt (FAKB)/ Round Wood Legality Certificate Letter (SKSKB) documents with previous wood freight copy document attached:
 1. Logs already stacked in a CCP node,
 2. Logs not yet stacked in CCP node, based on the inventory result and the estimated logs in the cutting block, which will then be stacked and stock counted.
 - b. MHW logs which resulted from clearance after January 31st, 2013, and:
 - i. from an area that has undergone studies of HCV based on HCV Indonesian toolkit and identified to not contain and/or not come from HCV area.
 - ii. from an area outside HCS according to the provisional threshold identified after stratification analysis of land cover in the third quarter 2013.
3. Land cover classifications of Open Area (LT) and Young Shrubs (BM) are not considered HCS area
4. APP's pulpwood suppliers consist of:
 - a. Forest Management Unit (FMU) under the management of a business entity or individual which supply the timber raw material.
 - b. Business entity that supplies wood chip material
5. Moratorium on natural forest clearance is the suspension of logging and land clearing in the natural forest area (logged over area/ LOA) including LT and BM
6. Land clearing for plantation development purposes is allowed on:
 - a. Land cover classification which is identified as open area (LT) or young shrubs (BM) based on land cover assessments with the latest SPOT imagery verified in the field by TFT team together with APP/SMF, to ensure that the area does not have HCV potential.
 - b. Non-HCV area
7. Stock Inventory (SO) is an inspection conducted jointly by APP, TFT and relevant suppliers related the implementation of moratorium.
8. The scope of SO activity is information collection on cutting blocks, land clearing equipments, and cut MHW logs.
9. The roles, duties and responsibilities between APP, TFT and each supplier which has not been regulated in this protocol will be defined in separate protocols/agreements on moratorium implementation.

MORATORIUM ON LOGGING AND LAND CLEARING ACTIVITIES IN NATURAL FOREST AREA

A. ACTIVITIES PHASES

1. Each FMU shall stop logging and land clearing, construction of roads and canals in natural forest area within their working area no later than January 31st, 2013.
2. Each FMU must prepare an HCV identification plan in accordance with the HCV Indonesian toolkit. Implementation of HCV will be determined by SMF with support from TFT.
3. Each FMU that has agreed to implement moratoria is required to submit information and plans for January 2013 land clearing and for any other remaining area that has not been developed to SMF. This information will be forwarded to TFT no later than January 25th, 2013, which consists of:
 - a. Location, land size and field contractors equipment and related maps,
 - b. Work/cutting blocks that have not completed extraction activities (area number & estimated potential),
 - c. List of equipment (type, quantity, identity number of the heavy equipment or A2B) for land clearance, road and canal construction. They have to be in line with the list of equipments on valid RKT, complete with the location plan for A2B storage in a map,
 - d. List of equipment (type, quantity, identity number A2B) for activities other than land clearing or road and canal construction. For example roads and canal maintenance, extraction, stacking, loading, or transport of A2B to other locations, complete with information of new work location;
4. Stock Inventory activity on natural forest clearance is carried out by TFT, APP and FMU team from February 1st, 2013 for all areas that have been opened up to January 31st, 2013;
5. SO activity implementation on natural forest clearance is performed as follows:
 - a. The boundary of the last land clearing in each working/cutting block will be marked with an “X” at every 10 meters using red paint. Additionally, coordinate data will be recorded at every 100 meters using GPS and the information is overlaid on a SPOT satellite imagery map.
 - b. For areas where infrastructure is mainly completed but there is still no land clearing activities, the coordinate information of the location and the endings of these canals and roads will be taken using GPS. The information is overlaid on a SPOT satellite imagery map.
 - c. All heavy equipments (A2B) which are not used will be stored in predetermined locations. They will be inventoried and their storage location coordinate recorded.
 - d. All A2B units used for activities other than land clearing and roads and canals construction will also be inventoried.

- e. Cutting blocks will be marked with markings that are easily seen from the air for fly over monitoring purposes.
 - f. All the activities of SO will documented in photos.
6. A formal report on the result of natural forest clearance SO will developed and signed by TFT, APP and related FMU;
 7. A separate protocol has been developed for cutting and land clearing on natural forest after January 31st 2013 (New Area Development Protocol).

A. Monitoring supplier compliance on the protocol for Moratorium on Natural Forest Clearance

1. Monitoring will be performed by:
 - a. Monitoring from the air (fly over) will be done once after the SO is completed, and then periodically every 6 (six) months by TFT and APP as well as third party as required,
 - b. Monitoring on the ground (ground check) will be periodical every 3 (three) months by TFT and APP as well as by third party as required,
 - c. Monitoring on the ground (ground check) will be periodical every 1 (one) month by FMU and to be reported to APP and TFT,
 - d. Through information channels (hotline) developed by APP for external stakeholders to report grievance or complaints related to the implementation of this moratorium.
2. TFT and APP team will conduct field verification if the monitoring results in paragraph 1(a) above indicate there is potential violation on the implementation of this protocol.
3. The team will produce an official report on the result of the verification which will be reported to the management of APP and TFT for further action.
4. If required, the field verification team can include observer(s) from third parties as mutually agreed between TFT and APP.

MHW LOGS CONTROL MOVEMENT

A. Activity Phases

1. Every supplier is required to make a list of locations for all nodes of transport where MHW is present starting from the cutting block in the forest to the last intermediate Log Storage Area (TPK) before the mill gate, including its coordinates. The list is to be handed over to APP and received by TFT on the 25th January 2013.

2. SO of the actual logs and its documents by APP and TFT started on 1 February 2013;
3. MHW logs that have been stock inventoried are:
 - a. MHW logs in all nodes (Forest, log collection area (TPn), transit log storage area (TPK), forest TPK, intermediate TPK, TPK for MHW wood chips industry)
 - b. MHW logs on transport vehicles, both trucks and barges, that have not left for the mill
 - c. MHW logs on transport vehicles, which have not been received by the mills or have their documents concluded.
 - d. MHW logs that have been unloaded at the port but have not yet entered the mill gate.
4. The SO activities are documented in photographs.
5. Official Report of SO result at each transport node will be developed and signed by APP and related supplier.
6. An official summary report combining the SO results as stated in point 5 (five) is signed by TFT, APP and related supplier.

For MHW logs that have been cut until 31st January 2013

1. Transport of MHW logs will only be permitted for MHW logs that have been undergone SO.
2. For MHW logs in TPK, if there is on-going loading activity onto barges during SO, the loading process must be suspended until SO is completed for all logs in that TPK.
3. TFT and APP have the authority to prohibit MHW logs and wood chip from being transported to the mill if there is indication that those MHW logs were not logs that has been inventoried/SO as described above.

For MHW logs that are cut from non HCV or LT and BM areas after 31st January 2013

1. FMU submit a copy of Forest Production Report (LHP) after the second half of January 2013 to APP which will be forwarded to TFT.
2. The decision on which areas are allowed for or prohibited from land clearing is regulated in a separate protocol (Protocol for New Area Development).
3. MHW logging in areas which has been allowed as stated in point 2 above, can be performed after a verification process by TFT and APP is completed. Verification is carried out according to the results of delineation and line marking from to the identification of HCV and land cover stratification (LT and BM).

4. TFT and APP have the authority to prohibit MHW logs and wood chips from being transported to the mill if there is indication that those MHW logs have not been verified as described above.

B. MHW Logs Monitoring

1. SO procedures on the logs:
 - a. MHW logs movement is monitored at every node that has been determined and reported to APP and TFT at least every week.
 - b. Monitoring is done through:
 - i. Wood Administration (TUK) document checks based on LHP periods,
 - ii. Documenting the movement of MHW logs that enter or leave the wood transport nodes which are regulated under separate wood tracking protocols and becomes an integral part of this protocol.
 - iii. Field inspection done every 3 months or if there is indication of a violation.
 - c. PICs in each node are required to make a stock balance every week.
 - d. PICs in each node are responsible for making transport voucher (bon trip) then sign and apply a special stamp for ex-SO as specified by the SO team.
 - e. PICs in each node are required to review transport voucher (bon trip), check the name and signature of the sender, and verify the special ex-SO stamp before unloading and determining the stack location.
 - f. The legal document (FAKB) accompanying the MHW transport vehicle has to be examined and documented before the truck enters mill weigh station, for land transportation, and after the barge docks at the mill port, for river/ocean transportation.
 - g. If irregularity or violation on MHW logs is identified during monitoring process, APP mill is prohibited from receiving the logs and the logs will be placed on special holding area in every node. The special holding area is to be determined later.
 - h. If there is indication of violation in the implementation of the protocol from the monitoring report or other information sources, the delivery process of the logs to the next location will be suspended until it can be proven there is no violation. The verification process is carried out by APP and TFT.

- i. Verification Team will produce an official report based on their investigation.
 - j. If the result of the verification report is still disputed by the other party who reported the violation indication, then:
 - i. reporting party is given the opportunity and sufficient access to verify the investigation report. Parties are required to present the report findings to the APP, TFT and suppliers. or,
 - ii. reporting party and/or other party mandated by the reporting party can be involved in the re-verification of the investigation report together with APP and TFT.
2. The following will be applied on MHW logs from land clearing in areas assessed to be non-HCV and non HCS after January 31, 2013:
- a. TFT team together with APP will periodically monitor these MHW logs through:
 - i. Inspection of logs movement in each node through the wood tracking system (as described in item 1 (a) above) every week,
 - ii. Inspection of Administrative Wood (TUK) documents made during every LHP period,
 - iii. Direct physical inspection performed every 3 (three) months, or if there is indication of violation;
 - b. If there is indication of violation in the implementation of the protocol from monitoring report or other information sources, the delivery process of the logs to the next location will be suspended until it can be proven there is no violation. The verification process is carried out by TFT and the relevant FMU/Mill.
 - c. Verification Team will produce official report based on their investigation
 - d. If the result of verification report is still disputed by the other party who reported the violation indication, then:
 - i. Reporting party is given the opportunity and sufficient access to verify the investigation report. Parties are required to present the report findings to the APP, TFT and suppliers. or,
 - ii. Reporting party and/or other party mandated by the reporting party can be involved in the re-verification of the investigation report together with APP and TFT.

HANDLING PROTOCOL VIOLATION OF THE MORATORIUM

If the verification result suggested a violation on the protocol, then:

- 1. Logging activities in natural forest area of the FMU in violation must be stopped
- 2. MHW logs from the FMU in violation:
 - a. If MHW logs are still outside APP's mill, they are prohibited from entering the APP mill;

- b. If MHW logs are already inside the APP mill, the FMU in violation of the protocol is required to move the logs from the mill no later than 2 (two) days after the investigation report is signed;
3. APP will implement strict sanctions to FMU that violates this protocol implementation, the sanctions range from a warning up to termination of the wood supply contract and a halt on all forms of support from APP to that FMU. Decisions to the sanctions are made by a moratorium committee comprising of APP and TFT.

REPORTING

TFT and APP will produce a monthly periodic report on the implementation moratorium. The report will contain data / information, photo documentation and an explanation of the implementation of the moratorium, the results of monitoring, and actions taken to ensure that all phases of the moratorium implemented appropriately.