APP FOREST CONSERVATION POLICY: PROGRESS UPDATES

Foreword: Managing Director of Sustainability & Stakeholder Engagement

APP is well into the fourth year of implementation of its landmark Forest Conservation Policy (FCP). I am pleased to report back on both the progress and challenges we have faced over the last year.

The last 6 months have been focused on implementing key projects we launched last year, including our Integrated Fire Management Programme (IFM), and Integrated Forestry & Farming System for Community programme (IFFS). These programmes build on the progress we have continued to make with our Integrated Sustainable Forest Management Plan (ISFMP).

In all of this work we continue to face ongoing challenges including social issues and encroachment. However, progress highlights include notable achievements like the successful avoidance of fires this dry season, the implementation of IFFS to provide local communities with alternative livelihoods, and the improvement of our peatland management practices thanks to work that has been undertaken by some of the leading experts in the field. As of August 2016, the IFFS programme has been implemented in 19 villages, with APP staff engaging directly and continuously with local communities in these villages to ensure the success of the programme.

As we enter the second half of this year, we are also looking ahead to COP22 in November 2016, and are reflecting on commitments we made last December in Paris at COP21. Last year’s COP was significant in the formal recognition of the importance of forests to global climate change, with many governments, public and private actors including APP, making significant pledges around forest protection. APP has worked hard over the last year to build on our commitments from last December, and will be presenting some of our progress during COP22.

In particular, we have made strides in crystalising our commitments on landscape restoration in more detail, working with the Belantara Foundation. In the last six months, the Belantara Foundation has signed MoUs with the provincial Government of South Sumatra as well as the Provincial Government of West Kalimantan to support the development of green growth in both provinces. This is on top of other agreements that have been made with other stakeholders throughout the identified 10 landscapes adjacent to APP’s operations prioritised for the implementation of the landscape approach.

More information on other FCP progress areas can be found in the pages that follow. We have done a lot in the last 6 months, but as always we have a lot further to go. We hope you will join us to review this progress and work with us as we continue on our journey.

Aida Greenbury
Managing Director
Sustainability & Stakeholder Engagement
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POLICY COMMITMENT 1: Protecting Natural Forest

Since February 2013, APP and its suppliers only developed non-forested areas as identified through High Conservation Value (HCV) and High Carbon Stock (HCS) assessments. However, APP’s commitment towards protecting natural forests goes beyond just planting on non-forested areas as it continues its efforts to address challenges related to forest encroachment, illegal logging and forest fires, which are prevailing issues in developing countries.

APP has developed and implemented a variety of strategic measures that aim to resolve or mitigate these issues. Among these initiatives include enhancing security and protection of forests, developing its agroforestry program, introducing an improved fire management system as well as improving its engagement with local communities and other stakeholders, which include government, enforcement agencies and regional forestry agencies, among others.

HCV / HCS PROTECTION & MANAGEMENT

APP completed the HCV and HCS assessments in all 38 suppliers’ concessions in Indonesia in 2015, with the summaries, maps and data made publicly available on the FCP Monitoring Dashboard. The findings and recommendations from these assessments were then incorporated during the development of the Integrated Sustainable Forest Management Plan (ISFMP) for each Forest Management Unit (FMU). (Refer to section on Integrated Sustainable Forest Management Plan)
APP has been developing an Integrated Sustainable Forest Management Plan (ISFMP), which will play a crucial role in driving APP towards achieving its FCP commitments. The plans are tailor-made for each of its 38 suppliers, whereby each and every one ISFMP then becomes the blueprint for sustainable management in each supplier’s concession, equipping them with customized action plans for improved management practices, thus enabling them to enter into an improvement cycle. Developing the ISFMP requires inventories of recommendations gathered from assessments on HCV, HCS, Peatland, Social, Conflict Mapping, considering the legal aspects of the plantation operations as well as engaging various stakeholders including local communities, government, academia as well as civil society.

The ISFMP spatial plans for all 38 suppliers’ concessions have been completed and have been disseminated to all key stakeholders. The next step is to develop ISFMP manuals for each FMU to provide guidelines for field staff to implement the ISFMP spatial plans and recommendations. Currently, ISFMP manuals for 16 FMUs have been drafted and are being reviewed while the remaining ISFMP manuals are expected to be completed by end of November 2016.
APP, led by its Social & Security Division that was formed in early 2016, has been striving to improve Forest Protection and Security within concession areas. Among these improvements include developing the Forest Protection Standard Operating Procedures (SOP) as well as the Security Vendor Monitoring, designed as an improved mechanism to monitor the operations of the appointed security vendors. The security vendors currently contracted comprise of both local and global security outsourcing companies with the relevant experience and expertise in managing security in conflict areas in Indonesia.

The Forest Protection SOP is expected to be approved by the end of October 2016 and will then be implemented in all Forest Management Units (FMUs). APP, with support from relevant stakeholders, has already commenced monitoring and evaluating its security vendor. Workshops have also been organized to help each FMU to develop its own draft procedures to monitor and evaluate the performance of the security vendor. In June 2016, APP conducted a training session on Security and Human Rights for our security vendors, with as many as 40 managers attending the training.
INTEGRATED FORESTRY & FARMING SYSTEM

Realizing that local communities play a pivotal role in forest protection, APP has heightened its engagement by developing a new and more inclusive business model whereby communities partner with APP to reduce the risks of forest degradation and encroachment. Also known as Desa Makmur Peduli Api (DMPA), the Integrated Forestry & Farming System (IFFS) was designed to empower the communities’ economic needs while incorporating environmental values in the landscapes.

The IFFS, which was launched at COP21 in Paris in November 2015, targets to benefit households in 500 villages over the next five years (2016 to 2020). APP has allocated USD2 million per year for the program.

IFFS supports or enhances alternative livelihoods as a means to reduce pressure on natural forests by communities in and around APP’s suppliers’ concessions. This agroforestry program involves capacity building, provision of planting and farming materials as well as equipment and facilities. The selection of the villages is based on criteria, which include but not limited to, history of land or forest fires and history of encroachment and illegal logging, among others.

Thus far, APP has completed the Project Concept and Project Planning Guidelines for the IFFS. Subsequently, the IFFS Project Plans for 78 villages have been completed while the Project Plans for another 20 villages are being reviewed. APP has also conducted training sessions for its Community Development Teams at Regional and District levels in Riau, Jambi, South Sumatra as well as East and West Kalimantan.

The program has been fully implemented in 19 villages and soon to commence in another 39 villages. In its first year, APP targets to complete the implementation in 80 villages by the end of 2016.
INTEGRATED FIRE MANAGEMENT

APP began developing and implementing the Integrated Fire Management (IFM) strategy, using international best practices for fire management, after experiencing one of the most severe fire seasons in 2015, brought upon by the El Nino phenomenon. The 2015 fires, that devastated forests across Indonesia as well as globally, had immense harmful impacts socially, environmentally and economically, all of which were unacceptable by APP. Having invested significantly into its fire management strategy and following the introduction of the IFM, APP has stepped up with significant improvements in its fire prevention and suppression efforts. APP has also started reporting on fire verification based on hotspot data through its website. Fire patrols are despatched to verify the occurrence of fires based on hotspot data received. The findings are then reported through its IT system and subsequently compiled and made publicly available through the APP website.

The IFM has four integral parts to it; Prevention, Preparation, Early Detection and Rapid Response. Among key elements of these four pillars include:

Prevention:

- Community engagement to raise awareness on the risk of fires and working closely with communities as partners for monitoring and preventing fires.
- Community development through introduction and implementation of agro forestry programs. (Refer to section on Integrated Forestry & Farming System)
- Strengthening and incentivizing local firefighting councils, or Masyarakat Peduli Api (MPA) to maintain zero fires in their forests.
- Built Perimeter Canal Blockings to raise water levels in high-risk areas to prevent fires from spreading across the wet areas as well as to be a water source for firefighting efforts.
Preparation:

- APP has identified and improved all aspects of its operations to be more proactive rather than reactive.
- APP has engaged international fire management expertise from Australia, Spain, US, Canada and South Africa to facilitate changes across the business including developing and training in seven new training courses, thereby improving the skills and capabilities of our teams.
- APP has developed a set of actions linked to the Fire Danger Rating. These actions include increased patrols, fire crew standby and equipment checking. As the fire danger increases so does the tempo of our readiness actions.

Early Detection:

- APP has been exploring and conducting trials into various technologies that will aid in early detection of fires in and around its and its suppliers concessions, including the use of state-of-the-art thermal imaging cameras mounted on towers as well as in a plane.
- Additionally APP plans to be the first user in Asia of mini satellites as a fire detection tool. These satellites have a ground resolution of between 3m to 5m and the operational trials have shown great potential to be a very effective detection tool.
- APP has created an integrated fire information system that brings together fire detection data sources from hot spots, thermal cameras, mini satellites as well as fire towers and ground patrols. Coupled with this, the information system draws in and redistributes Fire Danger Rating, weather information (like wind and rainfall), can track our aircraft and can record and report on all fire detection data and real fires on ground. All this data is a managed and redistributed to the field simultaneously via our Situation Room.
- APP’s Situation Room rooms are fast becoming a source of high quality fire related information, and we are continuing to develop this capability. Every District and Region has a local Situation Room that both feed data into the HQ Situation Room as well as receives vital information from the HQ Situation Room. The innovation and technology advances we are building will enable APP and its partners to better manage fires on its land and share our insights to enable everyone to benefit from our technology advances.
Rapid Response:

- Firefighting efforts on the ground will be supported by aerial support in the form of medium and heavy lift helicopters with capacity of up to 3,500 liters for swift action.
- We have developed new and substantially improved fire suppression tactics using a “tightline” fire fighting approach that links our use of excavators and helicopters to do much of the heavy lifting for fire suppression.
POLICY COMMITMENT 2 : Peatland Best Management Practices

APP committed to supporting the goals of the Government of Indonesia for its emission reduction targets and low emission development goals as part of the FCP. A key component to achieve these goals comes from APP’s commitment to protect forested peatlands and implementing the Peatland Best Management Practices (PBMP). Working with Deltares, who are experts in peat and water management, APP completed LiDar mapping of 4.5 million hectares of peatland and lowland in Sumatra and Kalimantan at the landscape level; retired 7,000 hectares of production forests for conservation purposes in 2015 and built perimeter canal blockings to raise water levels around plantations.

Since then, APP has continued working on implementing the PBMP; having planned additional LiDar mapping exercise, completing the perimeter canal blockings and progressing on its alternative species program. The additional LiDar mapping and data capture exercise, scheduled for the end of 2016, will further expand the coverage area as well as increase the LiDar resolution on critical peatland areas. The consolidated data will then be utilized to improve the analysis for the water management recommendations, aside from exploring the potential of using LiDar as a monitoring tool as well.

Further discussions have also been conducted with peat experts on handling and managing the peatland retirement areas, where water levels have been raised significantly and trials are being conducted to study the natural regeneration and interventive plantings.
APP introduced the Perimeter Canal Blocking initiative in November 2015 as part of the PBMP. Canal blockings play an important role in protecting peat forests as it raises water levels and rewets peat.

The canal blockings also serve as a first step towards implementation of wider buffer zones between forests and plantations in and around all APP suppliers’ concessions, whereby the buffer zones allow for near-natural water levels to be maintained at the forest edge. Aside from playing a role in ensuring the survival of peatland forests, these buffer zones also help with the reduction of peat loss and carbon emission as well as in mitigating the risk of fires.

As of April 2016, APP has completed the construction of 5,372 blocks in its pulpwood suppliers’ concessions in five regions, which are Riau, Musi Banyuasin (Muba), Jambi, Ogan Komering Ilir (OKI) and West Kalimantan. APP had originally intended to build 7,523 canal blockings but had to revise its plans due to various circumstances, which include taking into account current terrain conditions (flooding, etc.) as well as following consultations with communities impacted by the canal blockings.
**ALTERNATIVE SPECIES & MYCORRHIZA DEVELOPMENT PROGRAMS**

APP has been working with various researches and experts in identifying and conducting trials on alternative species that will be able to grow in peatlands with higher water tables. This is in line with APP’s efforts to block canals and start rewetting peatlands. Several species have been identified to date and trials are expected to commence in November 2016.

To complement its Alternative Species Program, APP has also been leading the research efforts into the application of Mycorrhiza in restoring and maintaining plant, soil and forest ecosystems.
Indigenous and local communities that reside in and around APP suppliers’ concessions are important stakeholders to be acknowledged, which is why APP is committed to engage with them and to address all outstanding and arising social issues. APP has also adopted the UN Guiding Principles on Business & Human Rights in its operations as part of its FCP commitment. Further to that, all activities pertaining to proposed developments, new operations or forest management will undergo the Free, Prior and Informed Consent (FPIC) procedure with the relevant or affected communities.

APP has pledged to handle complaints, resolution of conflicts and respecting human rights in a responsible manner. Thus, aside from FPIC, several other social-related policies and procedures have been developed and put in place, all of which have been reviewed and further improved since the 1st quarter of 2016. These include the Responsible Conflict Resolution Procedure, the Collaborative Conflict Management Approach and the Grievance Protocol, all of which were developed with comprehensive input from various stakeholders including civil society.

FPIC implementation pilots are ongoing in South Sumatra. For the new OKI mill, APP has completed the tenurial study, which will be included in its FPIC report. APP is currently conducting further FPIC in relation to the construction of a jetty. Details of this are made available on the FCP Monitoring Dashboard.

APP remains focused on managing and resolving land conflicts, which continue to be a major challenge for the farming and forestry sectors in Indonesia on a whole. Extensive training has been provided to APP field teams to help facilitate and oversee the land conflict resolution process.
Conflict resolution pilots have also been conducted in Riau, Jambi and South Sumatra. With the support and involvement of stakeholders that include government agencies and civil society, APP has managed to reach agreements with a significant number of local communities to resolve existing conflicts. APP, with the support from TFT, have conducted further due diligence to verify the resolved conflict in all five regions, where it was reported that over 34 percent of the conflicts have reached agreement and began implementing the agreement.
POLICY COMMITMENT 4: Sustainable Fibre Supply & Sourcing

All existing and potential APP suppliers must comply with the FCP and the Responsible Fibre Procurement & Processing Policy (RFPPP). APP also developed the Supplier Evaluation & Risk Assessment (SERA) as a tool to ensure continuous compliance of current APP suppliers with its policy as well as to evaluate risk levels of potential suppliers based on their operations. Details of existing and potential suppliers are listed in the FCP Monitoring Dashboard.
OTHERS: FCP SUPPORTING INITIATIVES

Landscape Conservation

APP is committed towards supporting the Government of Indonesia efforts of protecting and restoring tropical forests in Indonesia, which also complements its FCP. A total of ten critical landscapes were identified and subsequently, a Landscape Conservation Masterplan was developed in consultation with relevant stakeholders, including local communities, government, academia and civil society.

APP, in partnership with the Belantara Foundation, has made significant progress, namely in Giam Siak Kecil, Kerumutan, Bukit Tigapuluh, Berbak Sembilang, Dangku Meranti, Padang Sugihan, Kubu and Kutai. Agreements with the relevant stakeholders have already been signed or are currently in progress, safeguarding ongoing and upcoming restoration and conservation efforts in these landscapes. Activities related to these efforts revolve around community-based protection and restoration of forests and peatlands as well as planning and implementing prevention activities to reduce the risks of forest fires.

As of August 2016, APP has injected USD 7 million to the Belantara Foundation, which has already established its own management team by the end of Q2 2016 and has started progressing on its own. APP has committed USD 10 million a year for Belantara Foundation to finance protection and restoration efforts in forests and peatland, to improve livelihoods of communities, to prevent and mitigate forest fires as well as to mitigate human-wildlife conflicts within the targeted landscapes.
APP has also been successful in encouraging others to follow in its footsteps by supporting the landscape approach for conservation and restoration. The Sustainable Trade Initiative, also known as IDH, is an organization that organizes public-private partnerships by working with various companies, civil societies, financial institutions and governments worldwide with the purpose of developing as well as co-funding new approaches in commodity sectors and sourcing areas that realizes sustainable and inclusive growth that is also economically viable. IDH has been partnering APP in the landscape approach for conservation and restoration, having invested in community-based conservation efforts.

For the Berbak- Sembilang landscape, IDH has thus far channelled Euro 185 thousand towards the Belantara Foundation and implementing the conservation and restoration efforts will be the Berbak Consortium, which is a partnership between Gita Buana and the Zoological Society of London (ZSL). Elsewhere, IDH has channelled Euro 200 thousand towards the Kemitraan Foundation, who have been appointed as the implementers of the initiative in the Kubu landscape.

APP is also part of the South Sumatra Partnership Consortium for Landscape Management (Konsorsium Kemitraan Pengelolaan Lanskap) that is led by the Governor of South Sumatra, with the Norway International Climate and Forest Initiative (NCFI) and the United Kingdom Climate Change Unit (UKCCU) having made tangible investments towards the development of a public-private-people partnership conservation program in the Sembilang and Dangku landscapes in South Sumatra.
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