

APP Response to Greenpeace FCP Review Report

Jakarta, 29 October 2013

Overview

Asia Pulp & Paper Group (APP) welcomes the publication of Greenpeace's *APP's Forest Conservation Policy: Progress Review* released earlier today. The scrutiny of Greenpeace and many other stakeholders has been an important driver of our progress towards No Deforestation and greater transparency.

In reviewing Greenpeace's own assessment of our work, we appreciate the areas where our efforts have drawn praise from a once extremely hostile critic. We commit ourselves to further improving our sustainability performance and the implementation of our Forest Conservation Policy (FCP), addressing the points that are raised in the report.

We remain more committed than ever to the ambitious task we have set ourselves and look forward to continued engagement with Greenpeace and a range of other stakeholders in the months and years ahead.

Recognising Progress

We are pleased that Greenpeace has highlighted a number of positive elements of our progress since we announced the FCP in February 2013. These include:

1. Overall implementation of the natural forest and undeveloped peatland moratorium.
2. Self-disclosure of two breaches of the FCP.
3. Action to improve the management and implementation of the FCP based on early lessons and breaches.
4. Commitment to consulting stakeholders on draft HCV assessment reports.
5. Progress on a key social conflict priority area (Senyerang, Jambi Province)
6. Plans to implement a Procedure for Association to address how the FCP is applied to future pulpwood suppliers.
7. Decision to seek alternative uses for Mixed Tropical Hardwood (MTH) . cleared from non-HCS and non-HCV areas . in consultation with a working group that includes a number of NGOs.
8. Decision to introduce third-party auditing of the implementation of the FCP.
9. Additional transparency measures, notably our online monitoring dashboard.

We also welcome the clarity of advice that Greenpeace is giving customers wishing to engage with our company. We believe that additional scrutiny provided by buyers can only help APP in its continued implementation of the FCP. We believe that this level of engagement with customers will send a clear signal to the market that the action being taken by APP is genuine and should be rewarded.

Addressing Greenpeace's Challenges

APP is in complete agreement with the criteria Greenpeace have set out in order to judge the short and long term success of its Forest Conservation Policy, namely:

1. Continued delivery of the moratorium announced in February 2013
2. Quality of the High Carbon Stock (HCS), High Conservation Value (HCV), peatland and social assessments, as well as the recommendations and management plans that will arise from the FCP
3. Resolving social conflict cases as they are prioritised
4. In the longer term, our overall contribution to the protection and rehabilitation of the forest and peatland landscapes within which our suppliers operate in Indonesia.

We appreciate Greenpeace's constructive criticism and advice on the remaining areas that must be progressed as a priority. This short summary sets out our proposed actions on each of the additional items raised in the Greenpeace report.

Points raised in Greenpeace's report	APP's proposed actions
APP to release more detail about the extent of overlapping license issues in its supply chain and include on dashboard.	<p>Overlaps in concession licenses are a common issue in Indonesia. This is due to the complex nature of land use allocations and the process of issuing licenses. Resolving this issue is key for the future sustainable management of forest and peatland landscapes in Indonesia.</p> <p>APP, together with its pulpwood suppliers and The Forest Trust (TFT), has undertaken the following recent actions:</p> <ol style="list-style-type: none"> 1. A mapping exercise has been initiated to identify potential overlaps in licenses. A summary will be shared in the Focus Group Discussion with Indonesian civil society on 31 October 2013 and made available on the FCP monitoring dashboard, following stakeholder consultation. 2. APP has engaged relevant government, industry and civil society stakeholders and is currently reviewing their positions. It is also assessing which are the most appropriate platforms that will help resolve this challenging issue.
Publication of management planning schedule on APP dashboard website.	<p>The management planning schedule will be published on the APP dashboard.</p> <p>The development of management plans is dependent on the progress of the various assessments currently ongoing across APP supplier concession areas.</p>
Progress on peatland must be accelerated in next 6 months.	<p>A peatland expert team is currently being assembled and will shortly be announced. This follows input and recommendations from a variety of stakeholders.</p> <p>The team will be an integral part of our Integrated Sustainable Forest Management Plan (ISFMP). Based on the results of HCV/HCS and peatland assessments, the team will be tasked with helping APP to adopt best practice management to reduce and avoid GHG emissions within the peatland landscape.</p> <p>More details will be made available on the FCP monitoring dashboard.</p>
APP should share outcomes of conflict mapping works with relevant stakeholders and identify the next set of priority areas.	<p>APP will share the outcomes with relevant stakeholders.</p> <p>APP has completed social conflict mapping across all 38 suppliers. The key objective for conducting conflict mapping is to ensure that social conflicts are handled systematically. The mapping result has categorised conflicts into low, medium and high priorities, which enables APP to develop action plans, and to allocate the resources to address those conflicts. APP aims to develop action plans for these priority areas by the end of 2013.</p>
Reputable conservation experts must be involved in management planning	<p>APP agrees that reputable conservation experts must be involved in the design and implementation of conservation efforts.</p> <p>APP is in discussion with various local and international</p>

to ensure credible conservation efforts.	conservation experts and organisations to help design, develop and implement landscape-level conservation programmes as part of an Integrated Sustainable Forest Management Plan (ISFMP)
APP must increase transparency on work in China in the next six months and be clearer about how it is identifying supply chain risks.	<p>Indonesia has been our priority, due to our commitment to ending deforestation. However, work commenced in China following the launch of the FCP in February. This included APP China's suppliers compliance review, raw material traceability, social assessment and plan development for a conservation program in Hainan in consultation with stakeholders. A specific section on the FCP monitoring dashboard dedicated to FCP implementation progress related to our pulp mills in China has also been developed.</p> <p>We will continue to improve and update this section of the dashboard to ensure clarity on the progress being made. APP will also ensure there is regular public reporting on the work we are doing in China.</p>
APP must publically disclose how it intends to ensure that all its expanded pulp mill capacity demand is met with 100% plantation fibre from FCP compliant suppliers.	APP agrees transparency on fibre availability is an important issue. Our own internal fibre forecasting systems, as well as several previous external studies, confirm that we have enough fibre to meet the demand in our pulp mills. In addition, as part of our improvement in forecasting, we are carrying out more detailed analysis using the most recent data collected from field work. These results will be audited and reported by a third party.
APP should apply a conservation/ restoration principle that is equivalent in conservation value to at least the last five years of clearance across APP's supply chain.	<p>The data from the HCV/ HCS and social assessments will be used to develop management plans. These will include conservation and restoration recommendations as part of an Integrated Sustainable Forest Management Plan.</p> <p>We are currently reviewing the suggested five year period, which relates to a standard set by the FSC. We are also reviewing other approaches related to the Roundtable on Sustainable Palm Oil (RSPO), the Consumer Goods Forum (CGF) and PEFC.</p> <p>We believe that any restoration approach will need to be implemented by other industries across many sectors.</p>
APP should develop a clear programme of consultation on management plans.	APP agrees that stakeholder input is necessary to develop a robust Management Plan. We are currently developing a mechanism for stakeholder consultation on this.

Moving Forward

APP welcomes Greenpeace's acknowledgement that, nine months into the FCP, *the company is serious about its FCP plans and its key senior staff are genuinely committed to driving the delivery of these new commitments*. After a long and public period of distrust between APP and Greenpeace, this represents another significant step forward in the relationship between the two organisations.

APP fully recognises the scale of the task ahead and that many challenges remain. We will play our full role in meeting, and where possible, exceeding, the expectations of many of our stakeholders. We hope to continue to work in close partnership with Greenpeace and other groups to achieve our shared goal of ending deforestation wherever we operate.

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