

**FCP
IMPLEMENTATION
PLAN:
2015 AND BEYOND**



APP

USE OUR PAPER, WE PLANT MORE TREES

FCP IMPLEMENTATION PLAN: 2015 AND BEYOND

2013

On February 5th 2013, we launched our Forest Conservation Policy (FCP). This included a moratorium on all natural forest clearance by Indonesian suppliers and the commencement of large-scale High Conservation Value and High Carbon Stock assessments to identify natural forest for protection.

These and other inputs are being used to develop Integrated Sustainable Forest Management Plans (ISFMPs) for each of our suppliers' concession areas.

2015

February 5th 2015 marks the two year anniversary of our FCP. Over the last 24 months, we have learned from field implementation and received input from a diverse group of stakeholders.

As part of that, we have prioritised a number of areas for improvement. These are captured within our updated FCP Implementation Plan for 2015 and beyond. This plan does not change our original policy commitments, but marks a process of continual improvement.

This plan will be developed further in the coming weeks and months.



FCP IMPLEMENTATION PLAN: 2015 AND BEYOND

POLICY COMMITMENT

01

MAINTAINING
NATURAL FOREST
IN OUR CONCESSION
AREAS

1

THIRD-PARTY CLEARANCE

CHALLENGE:

Forest encroachment and illegal logging by third-parties continue to plague forest conservation and management across Indonesia and many developing countries. Our suppliers' concession areas are no exception, and these problems continue to present a major challenge to meeting the objectives of our Forest Conservation Policy (FCP). Since the launch of our FCP, we have been calling on governments, NGOs and other companies to work together to find common solutions since these challenges cannot be addressed by one company in isolation.

ACTIONS TAKEN:

• **Identifying the sources of third party clearance:**

We initiated an internal review process to analyse and develop measures to address third-party clearance within our suppliers' concessions. The main sources identified are clearance by:

- a. Third-party companies with overlapping licenses and concession boundaries with our suppliers (e.g. oil palm and mining companies),

- b. Communities and other parties with land claim conflicts with our suppliers, and
- c. Illegal loggers stealing timber from forest areas within our suppliers' concessions.

• **Overlapping concession licenses:**

One year ago, we publicly highlighted the problem of concession license overlaps in Indonesia. We responded by mapping and analysing license overlaps across our suppliers' concessions and developing a protocol to resolve these. A number of concession license overlaps are either resolved or in the process of being resolved.

• **Addressing social conflicts:**

There are numerous types of land claim conflict related to our suppliers' concession areas. As part of our FCP we have put in place new procedures to ensure we are respecting legitimate local and customary land rights. A key step has been the mapping of conflicts across our suppliers' concessions, which we completed in 2013. A number of conflicts have since been resolved, including a long-standing conflict at Senyerang village in Jambi province, and others are in the process of being addressed.



- **Improving measures to protect natural forest areas inside suppliers' concessions:** in 2014, APP, with the support of The Forest Trust (TFT), reviewed the various processes and procedures implemented by our suppliers to protect their concession areas from third-party clearance. A program has been initiated to improve and standardise these across the suppliers' operations which will result in new guidance to our suppliers on how to secure their concession areas.

UPCOMING ACTIONS:

We are currently developing a series of strategic measures to prevent third-party clearance within our suppliers' concessions. Measures that we are planning to carry out include the following:

- Complete, and deploy through training, a new Forest Protection and Security Manual to improve guidance to suppliers on how to secure their concessions areas.

- Implement a Forest Threat Mapping exercise to categorize threats in concession areas into low to high risk areas. This will help us to more accurately deploy preventive and enforcement measures.
- Improve our suppliers' coordination and cooperation with relevant government enforcement agencies to prevent and stop further forest clearance by thirdparties.

- Review and revise our community engagement plans to increase awareness of concession boundary areas and to involve local communities in efforts to prevent and report illegal forest clearance and fires.
- Engage with relevant government authorities to review processes and regulations to address over-lapping licenses & non-procedural development in our concession areas.



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MAINTAINING
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2

WILDFIRE PREVENTION AND MANAGEMENT

CHALLENGE:

Wildfires are a continual problem throughout Indonesia, particularly on Sumatra. These fires threaten our ability to protect natural forests and peatland and to manage plantation areas in our suppliers' concessions.

ACTIONS TAKEN:

- **Internal review:** in 2014, we conducted a wide ranging internal review of our suppliers' forest and land fire capabilities in order to identify specific measures that could be taken to improve management of and response to forest fires. That review was completed in August and implementation of those measures is underway and will be completed in 2015.

UPCOMING ACTIONS:

We will continue implementing the measures identified by our internal review, designed to improve the prevention and management of fires within our concession areas. These include:

- **Peatland water management:** As part of our two-year Peatland Best Management Practices Project (PBMPs) being led by Deltares, we are taking steps to improve water management on peatland areas within our suppliers' concessions. More details can be found in section 4, peatland management.
- **Early fire detection systems:** We are taking measures to enhance our fire control systems, with a focus on early fire detection. We'll carry out periodical fire risk assessments to identify fire prone areas and we are investing in additional fire detection measures such as monitoring towers and posts, as well as increasing the frequency of our fire patrols in those fire prone areas.



- **Fire suppression:**

We are taking measures to improve our fire suppression systems. We are investing in additional fire-fighting equipment and containment facilities such as break infrastructure and water pond/water banks at fire-prone points.

- **Community involvement:**

We will continue to strengthen local community involvement in fire detection and fire suppression activities through the Fire Concerned Community program in which communities are involved in the prevention, reporting and suppression of fire.



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3

PROTECTION, MANAGEMENT AND ENHANCEMENT OF HCV

CHALLENGE:

Management strategies to protect, manage and enhance High Conservation Values (HCVs) must take into account the landscapes in which they exist, if they are to be truly successful. The challenge is to objectively reconcile those management and protection recommendations with the needs of local communities, adjoining concession owners and our own production needs as a company.

ACTIONS TAKEN:

• **Assessments:**

High Conservation Value (HCV) assessments have been ongoing in groups of APP suppliers' concessions since June 2012, with the first reports completed in mid-May 2014. Assessments have now been completed for 32 concessions, with the remaining six due for completion in mid-February 2015.

• **HCV management recommendations:**

We have already begun reviewing and categorising the results and recommendations from all of the HCV assessments. Some of these recommendations are already embedded in our suppliers' current Forest Conservation SOPs and processes. Additional recommendations will be addressed in two ways:

a. **Spatial:**

HCV management recommendations that may affect a concession's spatial plan will be addressed through the ongoing Integrated Sustainable Forest Management (ISFMP) development process. The first ISFMP pilot is well underway in a forest concession landscape in Jambi province. Learning from this pilot process is being used to improve the ISFMP process for the next priority regions.

b. **Non-spatial:**

A number of the non-spatial HCV management recommendations have already been addressed in our current operational procedures. We have also developed and implemented some concession-specific procedures, for instance the management of endangered Sumatran elephants in a concession in Jambi province.



UPCOMING ACTIONS:

- Preparation for ISFMP development in other landscapes where our suppliers' concessions are located is already underway. For example, for a landscape in South Sumatra we have carried out an ISFMP workshop with local stakeholders as the first step in establishing a multi-stakeholder ISFMP task force for the region.
- Where the development of ISFMPs and/or revised/new procedures impact on local/customary community rights, community consultation and Free Prior and Informed Consent (FPIC) will be carried out.
- The review of procedures to address the non-spatial HCV management recommendations will continue. The goal of this process is to identify current procedures that need to be improved or new procedures that need to be developed to better address those recommendations.



FCP IMPLEMENTATION PLAN: 2015 AND BEYOND

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02

PEATLAND
MANAGEMENT

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DEVELOPING AND IMPLEMENTING PEATLAND BEST MANAGEMENT PRACTICES (PBMP)

CHALLENGE:

There remains a wide diversity of opinions on how peatland landscapes across Indonesia should be managed. Due to the lack of accurate landscape level data and a commonly identified landscape approach for peatland conservation and management, there is no existing reliable benchmark for APP to follow in Indonesia.

ACTIONS TAKEN:

- **Phase 1:**
We completed an Inception Phase of peatland work in mid-2014. That work identified the need for the rapid collection of new, high quality data before Peatland Best Management Practices (PBMP) could be developed and implemented.
- **Phase 2:**
In June 2014, we started discussion with Deltares, an institute for applied research in the field of water, subsurface and infrastructure headquartered in the Netherlands, to prepare the Terms of Reference (ToR) for the Phase 2 of peatland activity.

The ToR was completed in November 2014. The objective is to develop and implement PBMPs in and around APP suppliers' concessions. The Phase 2 work will be conducted over a two-year period. Initial data gathering and testing began in late 2014.

UPCOMING ACTIONS:

APP's Peatland Best Practices Management Project (PBMP) will be undertaken in a series of steps over the next two years:

- **Step 1:**
Information and data gathering:
 - a. Mapping and assessment of peatland cover, trends and fire threats – this will include the mapping of water table depths across APP suppliers' concessions, as well as determining current and projected fire risk.
 - b. Peat dome mapping – deployment of LiDAR geospatial technology to remap peatland landscape within which APP suppliers' concessions are located.



This will include an assessment of peat thickness and type, and peat dome delineation.

- **Step 2:**

Data analysis and development of management recommendations:

- a. Peat subsidence and emissions projections and monitoring – this will include tentative peat surface subsidence and carbon emissions modeling and elevation projection.
- b. Water management for peat and ecosystem conservation – based on an analysis of water table depths and records across APP suppliers’ concessions, this will include the development and implementation of new peatland water management SOPs and monitoring.
- c. Analysis of current and future flood risk – this will include piloting water management interventions for areas already at risk of flooding.

- d. Principle definition and zoning – this will include a landscape spatial inventory as well as a peatland concession zoning plan.

- **Step 3:**

Development of methods and pilots for addressing area-specific peatland management recommendations:

- a. Flood-tolerant alternative species.
- b. Rehabilitation of peatland ecosystems.



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03

SOCIAL COMMITMENTS

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FPIC AND SOCIAL CONFLICT RESOLUTION

CHALLENGE:

Reconciling the goals of forest protection and commercial enterprise with community development needs and local and customary rights, continues to be a highly complex challenge. Illegal forest encroachment and criminal activity must be distinguished from legitimate land claims and rights, and equitable systems for judging these must be combined with effective law enforcement. Forest concessions are typically located in remote and economically depressed areas and social conflicts with communities frequently stem from their livelihood needs.

ACTIONS TAKEN:

• **Strengthening our systems:**

In 2014, in response to stakeholder feedback and lessons learned from field implementation, we made a number of improvements to our social policies and procedures. These include:

- a. The development and integration of a process for categorizing, prioritizing and decision-making into our Conflict Resolution Procedure. This is designed to give greater clarity to suppliers' field staff on how to prioritise and implement our conflict resolution process.

- b. The implementation of new Key Performance Indicators (KPIs) for our staff with responsibility for the implementation of social conflict action plans in our supplier concessions to ensure prompt, but appropriate steps, are taken to resolve these conflicts.
- c. Following feedback from members of our NGO Solutions Working Group (SWG), we introduced a social sub-working group to allow for more concentrated discussion, feedback and ideas on the implementation of our FCP social commitments.



UPCOMING ACTIONS:

As part of a process of continual improvement, we intend to implement a number of measures to enhance the implementation of FPIC, social conflict resolution and grievance handling. Measures will include:

- Revisions to our FPIC protocol to clarify that its scope includes new proposed activities in already developed plantation areas that may have a significant impact on the community.
- Integrating our FPIC protocol, social conflict mapping, resolution, and grievance procedures into one suite of social measures.
- Ongoing training and support to staff in our supplier concessions to ensure that the scope and process of our FPIC protocol is both understood and implemented correctly.
- Communicating and building external awareness around our FPIC commitment, and how it is being implemented on the ground.
- Improved monitoring of FPIC and social conflict action plans by staff in our supplier concessions.
- Ensuring the capacity of our staff with responsibility for managing social conflict is associated with the need to resolve conflicts.
- Clarification and re-socialisation of our grievance procedure with our suppliers as well as standardisation of the procedure for all suppliers at concession level, and the development of a system to monitor concession level grievances.
- Review of current CSR programs carried out by suppliers in the field to ensure that they are in line with community needs and in support of efforts to prevent and resolve social conflicts with the communities.

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FCP IMPLEMENTATION PLAN: 2015 AND BEYOND

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SOCIAL COMMITMENTS



6

WORKERS' RIGHTS AND WELFARE

CHALLENGE:

Due to the structure of our industry it is commonplace for our suppliers to employ and retain third party contractors and sub-contractors. Our aim is to ensure that all these workers are provided with the same levels of welfare and working conditions as our suppliers' direct employees. This issue was brought to our attention in the Rainforest Alliance evaluation report and we will take steps to ensure that the rights of all our workers – both direct employees and contractors/sub-contractors – are recognised.

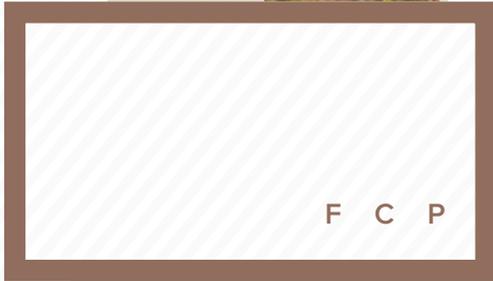
UPCOMING ACTIONS:

We are currently developing a strategic action plan designed to improve our suppliers' performance on safety, as well as contractor and sub-contractor management. This plan will be immediately focused on the improvement of working conditions for contractors' and sub-contractors' staff.

Elements of that plan will include:

- Development of clear minimum welfare requirements for our contractors and sub-contractors as a condition for continued commercial engagement.
- Development of a system to monitor and ensure that contractors' and sub-contractors' employees receive their proper rights, including wages and benefits, in line with national regulations and the ILO core conventions.
- Strengthening our internal processes to ensure contractor and sub-contractors comply with all our new welfare and working condition requirements.





FCP IMPLEMENTATION PLAN: 2015 AND BEYOND

fcp

SUPPORTING
INITIATIVES

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SUSTAINABLE WOOD SUPPLY

CHALLENGE:

As one of the largest pulp and paper companies in the world, ensuring a sustainable supply of plantation wood for our pulp mills has been one of our biggest commercial priorities. This will not only allow our business to expand – meeting the ever increasing world demand for pulp and paper – it enables us to do so responsibly, thereby delivering on our Forest Conservation Policy commitments.

ACTIONS TAKEN:

• **Wood supply action plan:**

Following a wood supply study undertaken in 2013/2014, we have initiated a comprehensive action plan to capitalise on potential efficiency gains and management improvement practices that, if implemented, could substantially increase the wood yield from the existing land base of our pulpwood suppliers.

UPCOMING ACTIONS:

Implementation of our plantation productivity and wood supply efficiency action plan is ongoing. It covers the following elements:

- Measures to optimise supply from our existing plantation areas:
 - a. Reduction of crop losses through implementation of a nursery improvement programme and enhanced integrated pest and disease management
 - b. Improvements of the growth rate of our plantations through improved plantation silvicultural practices.
 - c. Measures to improve our plantation management systems.
- Implementing programmes to minimize wood losses in our supply chain during harvesting and transportation.
- Measures to address threats to our plantations, including the management and prevention of fires and improvement in addressing land conflict issues.





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LANDSCAPE CONSERVATION INITIATIVE

CHALLENGE:

Two years of FCP implementation has taught us that land cannot be conserved or restored in isolation. Conservation cannot be limited to administrative boundaries and the sustainability of the entire landscape must be taken into account, and many stakeholders involved, if it is to succeed. This is why, in April 2014, APP announced an ambitious initiative to protect and restore 1 million hectares of tropical forest across Indonesia.

ACTIONS TAKEN:

- Over the last twelve months, we have been engaged in a planning phase designed to map the threats, corporate actors, stakeholders and existing activities across the ten landscapes that APP has identified for conservation priorities. We have sought extensive input from stakeholders and have begun exploring broad-based financing options to fund conservation activities.

UPCOMING ACTIONS:

Over the next twelve months, we will move into the action oriented phase of this work. Ongoing implementation activities will include:

- Development of a landscape conservation Master Plan detailing the approach and time-bound activities to be undertaken in each of the 10 priority landscapes.
- Implementation of action plans for five priority landscapes, and the development of action plans for the remaining five.
- Activities to socialise and build support and awareness of our landscape conservation approach with local governments, stakeholders and wider industry across all ten landscapes.
- Ongoing outreach to potential partners including the establishment of an independent Foundation.
- Providing updates to our stakeholders via regular progress reports.



FCP IMPLEMENTATION PLAN: 2015 AND BEYOND

fcp

SUPPORTING
INITIATIVES



9

INTERNAL ENGAGEMENT ON FCP VALUES

CHALLENGE:

Integrating our Forest Conservation Policy into our core business values requires ongoing and sustained internal engagement to ensure that staff both understand the objectives of the Forest Conservation Policy and have the capacity, skills and motivation to deliver it on the ground.

ACTIONS TAKEN:

• Training:

Over the last two-years we have engaged our supplier staff in multiple training platforms to support the implementation of our FCP. Training has included:

- Formal socialisation, training and workshops
- Expert facilitation in pilot programmes
- Targeted training on core FCP elements and procedures (e.g. FPIC)

UPCOMING ACTIONS:

We are developing a series of internal engagement measures designed to embed the FCP into the core DNA of our business. Measures will include:

- Planned FCP socialization activities across our global supply chain. This will include FCP briefings and training sessions designed to reinforce to staff the objectives and commercial benefits of our FCP.
- The development and implementation of a long-term staff capacity building plan in support of the different elements of FCP implementation.
- Embedding FCP objectives into existing employee incentive mechanisms (e.g new KPIs linked to FCP implementation).

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An aerial photograph of a lush green forested island in the middle of a deep blue lake. A large, bright green, semi-transparent geometric shape, resembling a stylized 'A' or a large triangle, is overlaid on the bottom right portion of the image. The text 'www.asiapulppaper.com' is printed in white on this green shape.

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