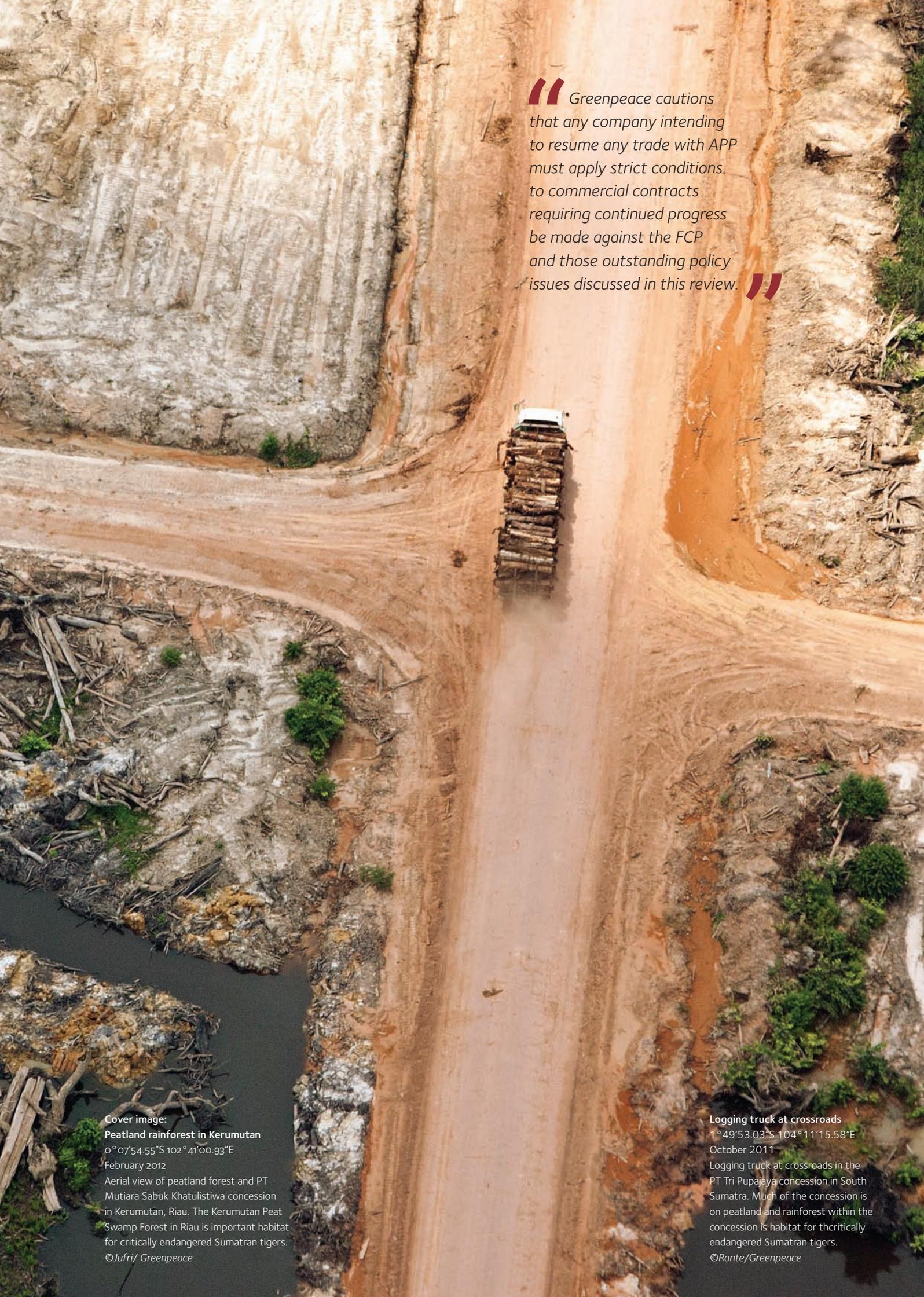




# APP's Forest Conservation Policy

Progress review October 2013

**GREENPEACE**



“ Greenpeace cautions that any company intending to resume any trade with APP must apply strict conditions to commercial contracts requiring continued progress be made against the FCP and those outstanding policy issues discussed in this review. ”

Cover image:  
Peatland rainforest in Kerumutan  
0° 07'54.55"S 102° 41'00.93"E  
February 2012

Aerial view of peatland forest and PT Mutiara Sabuk Khatulistiwa concession in Kerumutan, Riau. The Kerumutan Peat Swamp Forest in Riau is important habitat for critically endangered Sumatran tigers.  
©Jufri/ Greenpeace

Logging truck at crossroads  
1°49'53.03"S 104°11'15.58"E  
October 2011

Logging truck at crossroads in the PT Tri Pupajaya concession in South Sumatra. Much of the concession is on peatland and rainforest within the concession is habitat for critically endangered Sumatran tigers.  
©Rante/Greenpeace

# INTRODUCTION

In early February 2013, Asia Pulp & Paper (APP) announced a new Forest Conservation Policy (FCP).<sup>1</sup> This included an immediate moratorium on all further forest clearance by all of its Indonesian suppliers and a commitment to no further plantation development in forest areas. Within APP's supply chain, natural forests are being identified via High Carbon Stock (HCS) assessments being undertaken by The Forest Trust (TFT).

The FCP also committed all APP suppliers to ensuring that 'no further canal or other infrastructure activities will take place within undeveloped suppliers' concessions on non-forested peatland until independent HCVF assessments including input from peat experts has been completed'. In response, Greenpeace suspended its active campaign work to allow APP the time and space to deliver upon these new 'No Deforestation' commitments.

Following a meeting with APP senior management in Jakarta in September 2013, as well as a number of recent meetings with other NGOs working on Indonesian forest issues, this report represents Greenpeace's perspective on the progress made against the implementation of APP's FCP since its announcement. The report is divided into two parts:

1. Progress against specific commitments outlined in the FCP
2. Further policy commitments, clarifications and verification

Along with other NGOs, Greenpeace has recommended that paper buyers should continue to monitor APP's delivery of its FCP. Greenpeace cautions that any company intending to resume any trade with APP must apply strict conditions to commercial contracts requiring continued progress be made against the FCP and those outstanding policy issues discussed in this review. Greenpeace welcomes APP's decision to hire an independent third party to audit the implementation of its FCP, which will assist in measuring this progress.



In December 2012 Greenpeace put on hold the planned release of a report on APP's continued deforestation whilst negotiations between Greenpeace and APP's senior management took place over its final Forest Conservation Policy.

<sup>1</sup> APP's Forest Conservation Policy [www.asiapulppaper.com/partners-suppliers/code-conduct](http://www.asiapulppaper.com/partners-suppliers/code-conduct)

# 1. Progress against specific commitments outlined in APP's FCP

## UNDERSTANDING AND MEASURING PROGRESS AGAINST FCP COMMITMENTS

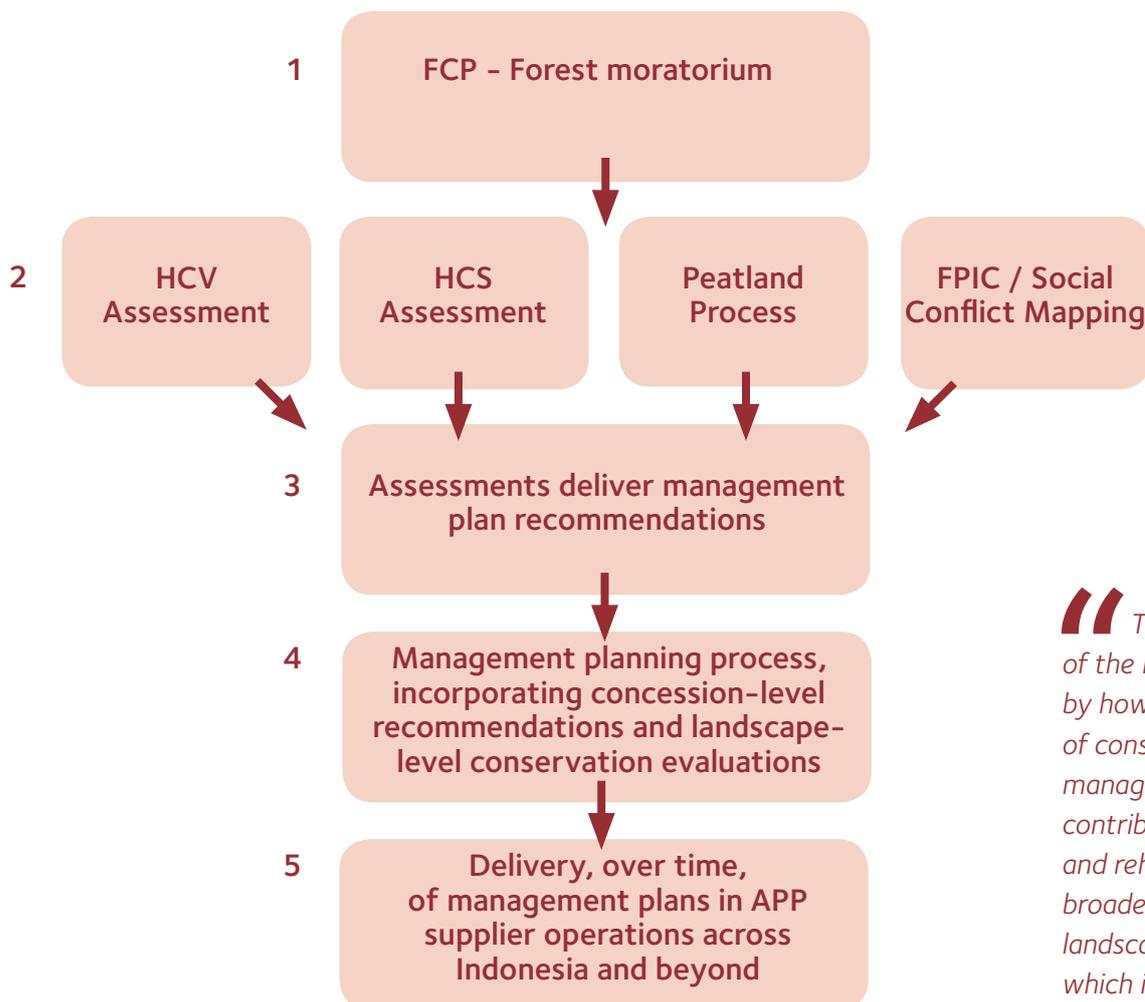
APP is still at an early stage of implementing its FCP commitments. Many of the conservation assessments that are the foundation for the FCP commitments are still in progress – a reflection of the reality of organising such a process for a company of APP's scale.

The longer-term success of the FCP will stand or fall by how APP's implementation of conservation and management practices contributes to the protection and rehabilitation of the broader forest and peatland landscapes in Indonesia within which its suppliers operate. This model of conservation in Indonesia will need to be reflected across APP's global supply chain.

A simplified diagram is shown below that outlines the various stages in the FCP implementation process in Indonesia.

In a shorter time frame, there are three ways that progress can be judged:

1. Delivery of the moratorium on forest clearance announced in February (stage one in the flow diagram below);
2. Quality of the HCS, HCV, peatland and social conflict assessments, recommendations and management planning process (stages two, three and four in the flow diagram below);
3. Resolving the prioritised social conflict cases (see social conflict mapping and resolution section below).



*“ The longer-term success of the FCP will stand or fall by how APP's implementation of conservation and management practices contributes to the protection and rehabilitation of the broader forest and peatland landscapes in Indonesia within which its suppliers operate. ”*

## STAGE ONE: FOREST MORATORIUM

On 1 February 2013, APP announced an immediate end to forest clearance across its supply chain. Up until that date the company's suppliers were clearing thousands of hectares of rainforest each month.

APP, together with its partner TFT, has since confirmed two clear cases of forest clearance in breach of the FCP moratorium. The first of these, by PT RIA, was identified via an NGO investigation (June 2013).<sup>2</sup> The second was identified and disclosed via an APP/TFT internal process that followed the RIA case (PT BMH, PT SBA and PT BAP, September 2013).<sup>3</sup> The total area of forest loss was approximately 140ha.

The APP/TFT internal process also identified an area of nearly 28ha where TFT was unable to determine if the area cleared would of been classified as high carbon stock (HCS) forest;<sup>4</sup> however, the development took place on peatland, in breach of APP's FCP commitment on no new peatland development.

A further NGO report identified clearance within an APP supplier's concession in Kalimantan. A TFT investigation into this case found that this clearance was the result of an overlapping concession license and was not connected to the APP supplier.

### Greenpeace assessment:

*Moratorium breaches:* Overall the implementation of the forest and peatland moratoriums has been successful, though the cases identified revealed a number of failings in internal signoff processes. Two of the breaches detailed above – the first relating to the moratorium on forest clearance and the second to the moratorium on peatland development – resulted from pre-existing agreements with local communities. However, had these cases been properly identified and assessed, alternative solutions could have been found that would have avoided natural forest and peatland clearance.

Greenpeace welcomes APP's decision to voluntarily disclose the most recent breaches of its FCP commitments.

*Overlapping licenses:* The complexity of the license issuing process in Indonesia represents a fundamental threat to all private sector attempts to implement forest conservation measures. There are many documented cases across plantation sectors of the same area being licensed to different industries at the same time. APP and other companies that want to demonstrate that they are now operating responsibly must work with a range of stakeholders, including national and district government representatives, to resolve these licensing issues.

As a first step transparency is required, through the release of information by both companies and government about the extent of the problem. APP has stated that it will release relevant information at its next stakeholder discussion in Indonesia, but Greenpeace recommends that this information is also shared on the dashboard website APP/TFT have set up to provide information on the implementation of its commitments. Short-term consultation by APP is needed regarding specific cases where there is any overlap in natural forest areas, focused on how these issues can be resolved to provide the best chance for conservation measures to succeed.

2 PT RIA verification report - [www.asiapulppaper.com/system/files/TFT%20verification%20report%20-%20%20RIA.pdf](http://www.asiapulppaper.com/system/files/TFT%20verification%20report%20-%20%20RIA.pdf)

3 PT BMH, PT SBA and PT BAP verification report - [www.asiapulppaper.com/system/files/TFT%20Sumsel%20report.pdf](http://www.asiapulppaper.com/system/files/TFT%20Sumsel%20report.pdf)

4 PT SPM & PT BDL verification report - [www.asiapulppaper.com/system/files/TFT%20SPM%20BDL%20report.pdf](http://www.asiapulppaper.com/system/files/TFT%20SPM%20BDL%20report.pdf)



**August 2013**  
Tweet from Aida Greenbury, APP Sustainability Director, to celebrate the last load of rainforest timber to APP's pulp mill.

“Overall the implementation of the forest and peatland moratoriums has been successful, though the cases identified revealed a number of failings in internal signoff processes.”

## STAGE TWO: ASSESSMENTS – HCV, HCS, PEATLAND, SOCIAL ISSUES

### a. HCV assessments and process

APP has split its High Conservation Value (HCV) assessments between two consultancies: APCS, run by a former Smartwood/Rainforest Alliance assessor, and Ekologika, run by a former staff member of Conservation International.

APCS assessments were initiated first and are now starting to reach the management recommendations stage of the process. The Ekologika assessments are still largely in the field assessment stage.

APP is currently developing a management and conservation planning process that will include consultation with a number of external conservation and other experts. The company is also identifying those concessions in which forest and peatland landscapes will go through the planning process at particular times.

Greenpeace is aware of some criticisms of the HCV process regarding: a) draft assessments not being made available early enough for NGOs to fully engage in the process and b) no commitment from APP to make the final HCV reports available. APP has responded to these criticisms by agreeing to further consultation on the draft assessments and making the full reports available to NGO stakeholders who participate in the FCP process.

### Greenpeace assessment:

The success of the HCV processes will stand or fall by the quality and robustness of the recommendations to APP's senior management and how they respond to these – the first round of recommendations is due before the end of 2013.

In the meantime, progress can be judged by the quality of the consultation processes and the choice of independent peer reviewers to scrutinize the draft assessments.

Greenpeace's view is that whilst there have been some problems, to date the process overall can be considered as comprehensive and robust. Greenpeace recommends that APP publish its management planning schedule on its dashboard website.

*“ Greenpeace's view is that whilst there have been some problems, to date the process overall can be considered as comprehensive and robust. ”*

### b. HCS assessments and process

High Carbon Stock (HCS) assessments are being undertaken by TFT to establish boundaries for the remaining areas of natural forests across APP's supply chain, using a combination of mapping analysis and field-based sampling. HCS forests are categorised by levels of vegetation between that of degraded lands (formerly could be an area of forest but now scrub and grassland) and regenerating secondary natural forest. Field assessments and verification have confirmed this categorisation.

HCS assessments were prioritised in supplier concessions where there were indications that the most natural forest remained. The target is to complete the HCS assessment by the end of 2013.

Further assessments, in concessions where fewer (or no) natural forests are expected to be identified outside already conserved areas, should be finished by the second quarter of 2014.

Upon invitation by APP, Greenpeace participated as an observer in field-based HCS sampling.

### Greenpeace assessment:

The HCS process will determine how much forest is actually left for protection across APP suppliers' concession areas, which will be critical in determining the impact of the FCP. The decision by APP/TFT to focus on those concessions with the most remaining forest areas is logical. However, the timing of completion of the HCS assessments is not necessarily aligned with that of the completion of HCV assessments. This issue must be addressed at the management planning stage, and APP will need to demonstrate to stakeholders that the outcomes from these different assessments are being effectively aligned and integrated.

As a result of the RIA moratorium breach (discussed in the moratorium section above), NGOs have raised questions about the credibility of the HCS assessment process. Claims were made on the ground during the investigation that a 'rapid' HCS assessment had been undertaken and that the areas cleared after February 2013 were not HCS. Both TFT and APP have acknowledged that the HCS process was not correctly followed in this case, which demonstrates why the HCS assessments must undergo a review process prior to finalisation. As APP has now agreed, final results must also be shared with stakeholders.

APP must then demonstrate – through the development and implementation of management plans – that all HCS forest areas are being protected.

### c. Peatland assessments and process

A number of independent experts have predicted major subsidence in plantation areas on peat domes across Indonesia; over time they may become unusable for pulpwood or other forms of plantations.

In the case of APP's existing pulpwood plantations, the extent of the peatland impacted gives considerable cause for concern for two reasons. The first is connected to ongoing release of greenhouse gas (GHG) emissions from these impacted areas, following water table drainage and extensive plantation development. The other concern is the medium- to long-term economic viability of these areas, as a result of ongoing peatland subsidence following plantation development. However, APP appears to have little objective data on such subsidence forecasts – something it requires for credible long-term planning. This remains a significant challenge.

The identification of the geographical extent and depths of peatland areas within APP suppliers' concessions was tasked to peat experts as part of the HCV assessment process. The results should be made available in the final HCV reports. APP had planned to establish an independent expert team to provide advice on how best to manage peatland within its suppliers' concessions in order to minimise GHG emissions. The constituents of this independent expert team are still under discussion and therefore the team has not yet been established.

#### Greenpeace assessment:

Given the challenges of managing GHG emissions within peatland landscapes, progress has been limited to the natural forest and peatland development moratoriums. The initial data on peatland distribution and depth is still being collected as part of the ongoing HCV assessments. Beyond that stage lies assessment of that data and recommendations for both concessions themselves and the wider peatland landscapes in which those concessions are located. To a degree, the slow rate of progress is inevitable given the complexities of peatland mapping and the contentious nature of decisions on how best to conserve and manage peatland.

Progress on APP's peatland commitment must be accelerated in the next six months. Greenpeace recommends two short-term actions to take forward work on this area:

1. Obtaining credible objective data on the extent of current and predicted subsidence in these areas;
2. Landscape-level assessments of where peatland conservation and management interventions are most likely to have the most impact in terms of mitigating and reducing GHG emissions.

### d. Social conflict mapping and resolution

Free and Prior Informed Consent (FPIC) is the principle that a community has the right to give or withhold its consent to proposed projects that may affect the lands its people customarily own, occupy or otherwise use.

APP has committed to implementing FPIC in all new plantation development, primarily through the independent HCV assessment process and community mapping by TFT. The company has also stated that it will implement an FPIC process at the location of its new pulp mill.

Additionally, APP has committed to addressing existing social conflicts across its Indonesian supply chain and to working with TFT to map those conflicts and to develop specific measures, in consultation with the communities, to resolve them. A number of areas have been prioritised for conflict resolution, and APP and TFT announced significant progress in one of these priority areas in July 2013.

#### Greenpeace assessment:

Progress in the area of conflict resolution is encouraging, both in terms of the decisions made by APP regarding priority areas for conflict resolution and the advances announced in one of these areas – Senyerang in Jambi province – where APP has signed an agreement with local communities to resolve a long-running dispute.

APP needs to share the outcomes of the conflict mapping work currently underway with relevant stakeholders and use this work to help identify the next set of priority areas for its conflict resolution process.

FPIC in new areas for plantation development is being implemented through the existing HCV assessment process and community mapping. Stakeholders will be monitoring carefully to see how the results from this process are incorporated into management plans of APP suppliers' concessions.

*“ To a degree, the slow rate of progress is inevitable given the complexities of peatland mapping and the contentious nature of decisions on how best to conserve and manage peatland. ”*

*“ Progress in the area of conflict resolution is encouraging, both in terms of the decisions made by APP regarding priority areas for conflict resolution and the advances announced in one of these areas ”*

## STAGES THREE, FOUR, FIVE: DEVELOPING AND IMPLEMENTING INTEGRATED CONSERVATION MANAGEMENT PLANS

Full implementation of the FCP requires first that APP demonstrate the development of joined-up conservation and management plans that integrate the recommendations of the various assessments it has undertaken of HCS, HCV and other factors. Second, APP must demonstrate over time that these plans have been embedded into its suppliers' operations across its supply chain in Indonesia.

APP anticipates that the conservation and management planning stage will be reached before the end of 2013 for the concessions in at least one of the major landscapes in which it operates. Inevitably, the finalisation and implementation of those plans will take considerably longer.

### Greenpeace assessment:

As the above sections indicate, APP is still in the early stages of the development of its conservation and management planning process. Therefore, it is too early to judge APP's delivery on this. The first of these plans is likely to be finalised in the first quarter of 2014. It is critical that these plans are developed with forest and peatland landscape planning in mind, with reputable conservation experts assisting in their development. APP has confirmed that it is putting together a management team to address this issue, but details are still being finalised.

Clearly, the success of the FCP in delivering maximum long-term conservation benefits depends on concession-level management plans being aligned with the broader conservation initiatives (see the section 'APP and forest conservation in Indonesia').

In addition, APP must demonstrate publicly, via its reporting mechanisms, that it is making progress on the development and implementation of its management plans.

*“ It is critical that these plans are developed with forest and peatland landscape planning in mind, with reputable conservation experts assisting in their development. ”*

## APP'S OTHER FCP COMMITMENTS

### a. Global supply chain

In February 2013, APP committed to support 'responsible forest management' across its global supply chain.

Most NGO and media attention on APP has been focused on its operations in Indonesia, and a large number of the sustainability measures announced by the company are rightly focused on making progress there in the short term.

APP's global supply chain, however, also extends to mills in Europe, Canada, Latin America and China.

Within China, APP has significant pulp mill capacity sourced from plantations in China and neighbouring countries, such as Vietnam and Thailand. Earlier campaigns by Greenpeace in China have highlighted a number of problems connected to APP plantation development in the province of Hainan.

### Greenpeace assessment:

The main focus of APP's work in China – supported by TFT – has been on addressing issues raised by NGOs in the Hainan case and mapping out its supply chain to its mills in China to identify high risks in supply countries such as Vietnam and Thailand.

Whilst this initial approach is logical, it needs to be followed by a comprehensive programme of work aiming not just to mitigate risks but also to improve forest management practices. This includes the identification and protection of HCV and HCS forest areas and the implementation of FPIC in China and elsewhere.

Whilst APP has provided limited information on the work of APP/China on its dashboard website, more information needs to be made available about how APP/TFT are identifying supply chain risks and how they are being actively addressed. Further, given that APP/TFT are now starting to engage with NGOs in China regarding this work, the dashboard needs to provide stakeholders with the relevant updates on such consultations.

The level of transparency regarding the ongoing work of APP/TFT in China must substantially increase over the course of the next six months.

*“ The level of transparency regarding the ongoing work of APP/TFT in China must substantially increase over the course of the next six months. ”*

## b. Future expansion

APP has made it clear that its FCP commitments apply to 'all future expansion'. Areas of expansion can be broken into two parts: 1) New suppliers and partner companies; 2) Growth and yield from existing plantations.

### 1. New suppliers and partner companies

APP has committed to no further deforestation as part of its Forest Conservation Policy. A total of 38 'current pulpwood suppliers' are presently covered by the FCP implementation plan (i.e. 38 companies currently supply pulpwood to the two APP pulp mills in Indonesia).

Whilst this commitment should be relatively straightforward to assess and monitor for the existing list of pulpwood suppliers, the question of how it will be applied to any future pulpwood supplier or partner company is extremely important.

### Greenpeace assessment:

The FCP implementation is specifically targeting those companies that are supplying wood to APP's mills at the present time (ie 'APP's current suppliers list').

Greenpeace welcomes APP's decision to develop a procedure to address how the FCP is applied to 'future pulpwood suppliers' – this is required to ensure that APP is not associated, directly or indirectly, with companies engaged in deforestation or in breach of its FCP. APP is in the process of finalising a draft 'Association Procedure' and will then seek input from stakeholders.

“ Greenpeace welcomes APP's decision to develop a policy to address how the FCP is applied to 'future pulpwood suppliers' ”

“ APP must now demonstrate that long-term forecasts for its plantation suppliers in Indonesia are sufficiently robust and stand up to scrutiny. ”

## 2. Growth and yield from existing plantations

APP's February 2013 FCP stated that 'Recent independent assessments of the growth and yields of APP suppliers' plantation areas confirms that the company has sufficient plantation resources to meet the long term forecast demand for its pulp mills.'

Since the above statement was made, APP has made a public announcement that it has bought the majority of shares in PT Oki Pulp and Paper, a company that is developing a 2 million tonnes/year pulp mill in South Sumatra. The new mill is due to start production in 2016 and will require APP suppliers to provide an additional 7+ million tonnes of pulpwood per year if it is to run at close to its full capacity.

APP has commissioned plantation and yield assessments by an independent third party assessor, Ata Marie. The Ata Marie verification statement – which is available on the APP dashboard website – states that APP has sufficient plantation fibre available to meet both existing capacity and that of the new mill.

APP has stated that if there were any fibre shortfall, the gap would be met through imported plantation fibre from suppliers that comply with its FCP.

### Greenpeace assessment:

APP suppliers in South Sumatra have already established extensive acacia plantations within the vicinity of its new mill, but it is not yet sufficiently clear whether APP's suppliers will have enough plantation fibre available over the long term to meet the combined pulpwood demand for all three of APP's pulp mills in Indonesia.

The pulpwood fibre demand from the new mill will lead to a 50% increase in APP's overall demand in Indonesia. Once the new mill is up and running, its suppliers will need to deliver over 24 million tonnes of pulpwood per year to the three mills combined.

Historically APP has missed targets for reliance on plantation fibre. It is therefore critically important that APP's pulp mill capacity is matched with plantation fibre availability. APP must now demonstrate that long-term forecasts for its plantation suppliers in Indonesia are sufficiently robust and stand up to scrutiny. Additionally, APP must publicly disclose how it intends to ensure that all of its expanded pulp mill demand is met with 100% plantation fibre from suppliers that comply with its FCP.

## 2. Further policy commitments, clarifications and verification

“ Greenpeace shares the view of other NGOs that a zero MTH policy at APP’s pulp mills would be significantly easier to verify. ”



Indah Kiat Perawang Logyards  
2011  
Stockpiles of rainforest logs at APP’s Indah Kiat Perawang pulp mill.  
©Greenpeace

Since February of this year NGOs have raised a number of concerns in relation to APP’s FCP. Some of these have been focused on the implementation of the moratorium, discussed in section one.

Other concerns have focused on areas where it is perceived that the existing FCP guidelines and procedures are either insufficient or lacking entirely, or on the types of auditing/verification processes that should be undertaken.

The following issues are raised in relation to a number of commitments made in APP’s publicly stated ‘Vision 2020 Targets and Components’.

### Will APP continue to use MTH or switch to 100% plantation fibre in Indonesia?

The ‘Vision 2020’ document states that APP plans to use ‘100% plantation wood for its pulp production’ by 2020. Through its FCP APP has committed to end its use of fibre from natural forests, which are to be identified through HCV and HCS assessments as discussed in section one. However, the company could still make use of mixed tropical hardwood (MTH) fibre from non-HCV/HCS areas as it develops plantations in the future.

If HCS/HCV assessments are implemented properly, whilst there could still be a limited volume of MTH fibre in the supply chain (eg trees cleared from shrub areas), it will not come from areas that are important for conservation.

However, some NGOs have expressed concerns that this will be extremely difficult to verify and could be a potential FCP implementation loophole. For example, the implementation of HCV/HCS assessments could be inadequate, or MTH material from natural forests could enter the mills unchecked from other places.

There is therefore a demand that APP move to a zero MTH position, regardless of the origin of that fibre.

### Greenpeace assessment:

The HCV/HCS approach should lead to the protection of all remaining forests across APP’s current suppliers’ concessions. Traceability systems and independent observers are in place to monitor APP’s FCP implementation to help provide assurance that its commitments are being implemented.

However, Greenpeace shares the view of other NGOs that a zero MTH policy at APP’s pulp mills would be significantly easier to verify. Such an approach would also be much more aligned with what companies in many markets are demanding from paper producers.

Greenpeace welcomes APP’s recent decision to establish a working group with NGOs to find alternative uses for MTH fibre that will result from the development of non-HCS areas.

## APP and forest conservation in Indonesia / Addressing past deforestation

APP and its suppliers cleared extensive areas of rainforests in Sumatra and Kalimantan up until the end of January 2013, including some areas that had been identified through previous HCV assessments as important conservation areas. A number of stakeholders have therefore asked, if the majority of rainforests in supplier concessions were cleared before February 2013, why should the company's FCP commitments now be considered sufficient?

APP has previously stated, in its 'Vision 2020' commitment, that it *'supports the national targets to a) reforest degraded land; b) preserve designated protected and conservation areas and c) increase the endangered species population'*.

APP has confirmed that it is considering the issue of forest restoration and that its entry point will be via the recommendations that come from the HCV assessments currently underway.

### Greenpeace assessment:

APP has had discussions with a number of conservation organisations regarding the development of a landscape-level initiative in the areas where the company operates in Indonesia. If sufficiently ambitious, this initiative could start to address its previous deforestation legacy. Greenpeace and other NGOs share the view that the logical approach is to take account of previous forest clearance over a period of time when calculating the conservation contribution that should be made by APP.

Greenpeace notes that the FSC Policy for Association establishes the principle that it is 'unacceptable' for more than 10% of the natural forest areas or more than 10,000 ha of forests (whichever is lower) under a company's direct or indirect control to have been converted within the previous five-year period. It is Greenpeace's view that APP should align with this approach and apply a conservation/restoration principle that is equivalent in conservation value to at least the last five years of clearance across its supply chain.

But Greenpeace is also aware that such large landscape-level conservation initiative cannot be managed by APP alone. We urge other NGOs and other private sectors to work together to achieve this.

## Independent monitoring/auditing

APP's track record on transparency has led to a high level of distrust from NGOs and a significant amount of cynicism regarding its new Forest Conservation Policy. A number of NGOs have therefore requested unrestricted access to concession maps and site access to allow for verification of company claims, as well as a third-party auditing programme to verify the implementation of APP's FCP commitments.

APP and TFT have set up a monitoring programme and invited NGOs to participate. Greenpeace, along with a number of other organisations in Indonesia, has participated in this programme. APP/TFT have also launched a 'dashboard' website to provide more detailed information about the implementation of its commitments. Most recently, APP has confirmed that it plans to engage an independent third-party auditor to verify the implementation of its FCP commitments.

### Greenpeace assessment:

Greenpeace welcomes APP's decision to undertake third-party auditing of the implementation of the FCP. It is critical that the auditor chosen has credibility with stakeholders and that there is a clear, appropriate scope for this work.

Greenpeace welcomes APP's decision to introduce further transparency measures, including the dashboard.

Greenpeace shares the view of other NGOs that the full HCV and other conservation assessments should be shared with relevant stakeholders in the interests of transparency. Greenpeace welcomes APP's commitment to do this but recommends that APP makes these assessments available on its dashboard website. A clear programme of consultation is also needed for the management planning stage of FCP implementation, building on the work that has already been done.

“ Greenpeace welcomes APP's decision to undertake third-party auditing of the implementation of the FCP. It is critical that the auditor chosen has credibility with stakeholders and that there is a clear, appropriate scope for this work. ”

## CONCLUSIONS

In February 2013 Greenpeace suspended active campaign work against APP to give the company time and space to implement its FCP. During this period we have advised that companies should not restart contracts with APP and that they should wait for sufficient and ongoing evidence of delivery of the FCP.

Our view, nine months in, is that the company is serious about its FCP plans and its key senior staff are genuinely committed to driving the delivery of these new commitments. The risk of APP again renegeing on its promises appears limited at this time.

However, there have been, and will continue to be, many challenges. Some of these are internal, with a complex corporate structure making delivery sometimes cumbersome across 2.6 million hectares of land in Indonesia alone. There is still evidence of variable levels of understanding of the FCP across different parts of APP and Sinarmas Forestry operations.

Several former customers of APP have asked Greenpeace whether they should re-engage APP as a supplier. As this review makes clear, there are several encouraging signs about APP's delivery of its FCP commitments, as well as some outstanding concerns. Our current recommendation remains that companies should continue to closely monitor and engage with the company over its implementation of the FCP.

In particular, they should seek assurances that there will be no further breaches of the forest clearance and peatland development moratoriums, as outlined in the FCP. More crucially, given that APP's FCP commitments are likely to stand or fall by the quality and robustness of the conservation and management recommendations to APP's senior management, they should judge whether substantial progress has been made based on how the company responds to these recommendations at the appropriate time.

Greenpeace cautions that any company intending to resume any trade with APP must apply strict conditions to commercial contracts requiring continued progress to be made against the FCP and those outstanding policy issues discussed in this review (eg forest conservation/restoration).

Our view is that the extra layer of scrutiny that responsible buyers bring will be crucial in ensuring the longer-term delivery of APP's commitments.

Meanwhile, it is clear to Greenpeace that at the current time the largest single threat to more responsible forest management in the pulp/paper sector in Indonesia comes from the activities of APRIL, part of the RGE group. Greenpeace will continue to actively discourage companies from doing business with APRIL and any of its sister companies.

*“ It is clear to Greenpeace that at the current time the largest single threat to more responsible forest management in the pulp/paper sector in Indonesia comes from the activities of APRIL, part of the RGE group. ”*



“ APP has had discussions with a number of conservation organisations regarding the development of a landscape-level initiative in the areas where the company operates in Indonesia. If sufficiently ambitious, this initiative could start to address its previous deforestation legacy. ”

**Monitoring the impacts of the pulp and paper sector**

2°10' 32.05" S 104° 24' 33.14" E

October 2011

Documentation flight over peatland rainforest and PT Sumber Hijau Perma pulpwood plantation in South Sumatra.

©Ardiles/Greenpeace

October 2013

Published by Greenpeace International  
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Plantation preparation  
on peatland  
0° 04' 12.29" N  
102° 44' 15.53" E  
October 2011  
Land preparation for  
pulpwood plantation in KTH  
Sinar Merawang in Kerumutan  
in Riau. The area is also  
important habitat for critically  
endangered Sumatran tigers.  
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