

APP Additional Response to Peer Review Process of HCS Assessment in Riau Region Group 2

The following are additional response to the result of HCSA Peer Review of Asia Pulp & Paper (“APP”) Companies Riau Group 2. These will cover the following companies:

- PT Arara Abadi, and
 - PT Riau Abadi Lestari.
1. APP carried out HCS Assessment in all of its pulpwood suppliers’ concessions, located in six regions and the results are reported separately in 2015, for each of the six regions. APP is a pioneer company because its’ HCS Assessment was part of the pilot project on HCS’s early development approach, prior to the finalization of HCS Toolkit V1.0. In the absence of the toolkit, the Assessment were implemented using patch analysis decision tree with was also agreed by Greenpeace, Ata Marie, TFT (now Earthworm Foundation), and APP.
 2. This HCS Assessment was developed independently from HCV, peat assessment, social engagement and FPIC processes, etc. These other assessments and process were done either prior, in parallel or after the HCS Assessment were completed. All these assessments were then integrated with the HCS result under a process the company call Integrated Sustainable Forest Management Plan (“ISFMP”) development. ISFMP, essentially an integrated land use plan, was developed together with relevant stakeholders including government representatives, local NGOs, community and academics. ISFMP itself is a living document which reviewed regularly, for example to include Government latest issued regulation on peat zoning and management.
 3. APP operates under a concession license called the “Izin Usaha Pemanfaatan Hasil Hutan Kayu-Hutan Tanaman Industri (IUPHHK-HTI)” obtained from the Government of Indonesia (“GoI”). This is because the operational area is a state forest area (especially production forest or Hutan Produksi). The state owns the entire forest area, including the concessions, the community within the concessions and protected areas. In the process of managing and protecting these areas, the Company also involves the community. The annual FPIC that conducted prior to the implementation of the Company’s Annual Operational Plan (Rencana Kerja Tahunan / RKT) is one of the forms of such involvement. APP also launched community-based initiatives to strengthen the HCS forest protection. Amongst the signature programs established with an aim to increase the community livelihood while preserving natural forests are Integrated Forestry & Farming System (Desa Makmur Peduli Api / DMPA) and Collaborative Conservation Management (CCM), the latter is in collaboration with the Earthworm Foundation (EF).
 4. On peatland management, since 2013 APP has engaged international peat experts to assist in developing a Peatland Best Management Practice approach. In 2015 APP conducted peat mapping using LiDAR (Light Detection and Ranging) to understand the peat distribution and typology in the landscapes where our suppliers

operate. Based on the captured data, APP retired 7,000 hectares of productive plantations on critical peat for conservation purpose. We have been working with various institutions and experts to determine the best approach for peat restoration. In peatland areas where cultivation is permitted based on the GoI regulations, including the area designated for community partnership program, APP has already implemented best management practices on peatland management to protect the peat ecological function.

5. To strengthen its zero-deforestation commitment, APP launched its Forest Conservation Policy in 2013. The commitment consists of 4 pillars; Protection of Natural Forest, Best Practice Peatland Management, Responsible Social Practices and Sustainable Global Supply Chain. To better monitor and protect its conservation area, APP partnered with [MDA](#), a satellite surveillance and intelligence provider, to provide monitoring and alerts through its Forest Alert Service. The result of the forest monitoring and further information on APP FCP commitment and implementation is accessible through [APP Sustainability Dashboard](#)
6. Before APP launched its Forest Conservation Policy in 2013, APP established its' comprehensive strategy for sustainability called by Sustainability Roadmap Vision ("SRV") 2020. As the vast majority of our targets in SRV 2020 have been achieved, APP then created the SRV 2030 through an extensive review from our internal team and external resource. Compared to SRV 2020, this evolution covers an increased range of issues and aligned well with the UN Sustainable Development Goals ("SDGs") and the Paris Agreement on Climate Change. Vision 2030 focuses on three main areas related to our industry which are Production, Forest and People. The scope include how our production will produce less carbon products where the materials are sourced from responsibly managed plantations by developing Supplier Evaluation and Risk Assessment (SERA) tool among others, as well as contributing to the welfare of the local communities and involved them in our efforts on protecting and conserving the forests, peatlands and biodiversity. The SDGs have been mapped to the Vision 2030 issues, and through that action, APP can demonstrate our contribution to achieving the global goals in-line with international best practices. Further information regarding the SRV 2030 also accessible in our Sustainability Dashboard: [APP Sustainability Dashboard](#)