APP Additional Response to Peer Review Process of HCS Assessment in Riau Region Group 3

The following are additional response to the result of HCSA Peer Review towards Asia Pulp & Paper (APP) Sinar Mas’ Forest Management Units (“the Companies”) included in Riau Group 3 as follows

- PT. Bina Duta Laksana
- PT. Mutiara Sabuk Khatulistiwa
- PT. Riau Indo Agropalma, and
- PT. Satria Perkasa Agung KTH Sinar Merawang

1. APP carried out HCS Assessments in all its pulpwood suppliers’ concessions, located in six regions and the results are reported separately in 2015, for each of the six regions. APP was a pioneer company as 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 Assessments were implemented using patch analysis decision tree which was agreed with 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 is reviewed regularly, which could include the Government of Indonesia’s latest issued regulation on peat zoning and management.

3. APP operates under an Industrial Plantation Forest (Hutan Tanaman Industri/HTI) license, not under Land Rights. The HTI license is known as “Timber Forest Product Utilization Business Permit-Industrial Plantation Forest (Izin Usaha Pemanfaatan Hasil Hutan Kayu-Hutan Tanaman Industri/IUPHHK-HTI) which is obtained from the Ministry of Environment and Forestry of The Republic of Indonesia. Based on the latest regulation, the license will be now revised to Forest Utilization Business Permit (Perizinan Berusaha Pemanfaatan Hutan/PBPH). In the process of managing and protecting these areas, the Companies also involve the surrounding communities. The annual free, prior and informed consent that was conducted prior to the implementation of the Companies’ Annual Operational Plan (Rencana Kerja Tahunan/RKT) is
a form of such involvement. APP has also launched community-based initiatives to strengthen the HCS forest protection 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 (previously known as The Forest Trust).

4. APP recognizes that forests are at risk of clearance when their ownership or tenure is contested. Due to economic pressures, the need to alleviate poverty often becomes the root cause of environmentally unsustainable practices. Complex historical and customary rights could also be a factor in these practices. Over recent years we have employed an array of measures to drive the resolution of land disputes, including clear mapping of land dispute cases, developing and implementing working plans specific to each case, as well as developing standard operating procedures for responsible dispute resolution. In 2013, together with Earthworm Foundation, we conducted land dispute mapping across our pulpwood suppliers’ concessions areas in Indonesia. We have trained our staff on how to undertake dispute mapping and to develop action plans to resolve land dispute. As part of this measure, we have developed a methodology for classifying different levels of land dispute. Classification helps to inform our decisions on how best to allocate resources for resolving disputes. APP classifies disputes into certain typologies (2018 revision, based on stakeholders consultation), then divide the dispute resolution process into several stages. For further detail on conflict typologies and dispute resolution process, please refers to the link as follows: https://sustainability-dashboard.com/people This kind of approach we use is different from the Participatory Mapping referred in the HCSA. Nevertheless, both ways principally address the same issue which is land tenure.

5. Since 2013 APP 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 has retired 7,000 hectares of productive plantations on critical peat for conservation purpose. APP has 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 Government of Indonesia (“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 as explained below:

The Companies manages peat areas consisting of Peat Dome, Peat Dome Peak and Peat ecosystem function – for protection and production, according to the relevant regulations. Management of Peat
Dome regulation stipulates that non-Peat Dome area can be utilized until the permit period expires, as long as the permit holder (the Companies) maintaining peat area hydrological function, while the Peat Dome Peak area included as Protected Area. Referring to the regulation, the Peat Dome Peak area that has been planted with industrial plant is prohibited to be cultivated after harvesting, the Companies then responsible for restoring the area. The utilization and management of Peat areas as mentioned above can be carried out if the peat ecosystem restoration document for business and plantation approved by the GoI. To maintain the hydrology level, the Companies among others has built canal blocking with runoff, determination of elevation and rainfall points, monitoring and reporting of groundwater levels and rainfall.

6. APP established its’ comprehensive strategy for sustainability, known as Sustainability Roadmap Vision (“SRV”) 2020. As the vast majority of our targets in SRV 2020 have been achieved, APP then created the SRV 2030 which 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 includes how APP’s 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. Further information regarding the SRV 2030 also accessible in our Sustainability Dashboard: APP Sustainability Dashboard

7. 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 are made available for public APP Forest Monitoring Dashboard and further information on APP FCP commitment and implementation is accessible through APP Sustainability Dashboard. APP is currently updating its’ Forest Conservation Policy based on latest development on national and global relevant standards, requirements and aligned to environmental, social and governance (ESG) standards.