

APP commitments under the Roadmap towards compliance with the FSC Policy for Association (PfA)

6 March 2016

1. APP will improve its forest management operations to meet the FSC Controlled Wood standard

- 1.1 APP takes measures to bring their (9) own concessions and the (29) supplier concessions in compliance with the FSC Controlled Wood (CW) Standard for Forest Management Enterprises (FSC-STD-30-010).

NOTE TO STAKEHOLDERS:

Through compliance with the FSC Controlled Wood standard conformity with the FSC Policy for Association can be demonstrated. The Policy for Association applies to majority owned subsidiaries of an organization only, therefore different degrees of implementation are specified for APP's own and the supplier concessions.

- 1.2 APP develops dedicated action plan(s) that specify:

1.2.1 for APP's own concessions, how the corresponding requirements of the FSC Controlled Wood standard will be addressed for each PfA category within the period of the roadmap. An exemplary sample of two supplier concessions will be selected by APP and included in this group;

1.2.2 for the (29) supplier concessions, how relevant provisions in its 2013 Forest Conservation Policy (FCP) will be implemented within the period of the roadmap to support future compliance with the FSC Controlled Wood standard; and

1.2.3 for the (29) supplier concessions, how to reach full compliance with the FSC Controlled Wood standard based on a gap analysis, with the aim of achieving this within 24 months after completion and verification of the actions above.

NOTE TO STAKEHOLDERS:

Reaching full and verified compliance of the (29) supplier concessions with the FSC Controlled Wood standard is not a prerequisite for the FSC Board to take a decision on ending the disassociation.

1.2.4 for all (38) concessions, how and to what degree the set of principles laid out under the 2013 FCP commitment to social and community engagement will be implemented within the period of the roadmap.

- 1.3 APPs own concessions, together with the selected supplier concessions, will be independently verified for compliance with the FSC Controlled Wood standard by an FSC accredited certification body following FSC requirements for auditing and stakeholder consultation. APP will inform FSC about the Certification Body (or bodies) that it intends to engage for this purpose.

NOTE TO STAKEHOLDERS:

Compliance with the standard will not result in the issue of a certificate, until the FSC Board has decided to end its disassociation with APP.

Non-conformities noted in the two supplier concessions during the CW audit (of the 9 APP concessions + 2 supplier concessions) will lead to amendments of the gap analysis and relevant actions (1.2.3) but not preclude a Board's decision on ending the disassociation.

- 1.4 The completion of the action plan for the supplier concessions to meet relevant FCP provisions (1.2.2) will be independently verified to determine if these provisions have been implemented in accordance with requirements of the FSC Controlled Wood standard.

2. APP will provide adequate compensation for converted or cleared natural forest areas through restoration and supporting conservation measures

- 2.1 APP will restore and/or support the conservation of natural forests in Indonesia at a scale proportionate to the area that had been converted to plantations and other land uses and through measures that are suitable to compensate for the social and environmental impacts caused by this conversion. This process shall be implemented as specified in clauses 2.1.1 and 2.1.2 below:
- 2.1.1 Compensatory measures will be laid down in a restoration / conservation action plan that shall be widely consulted based on a prior stakeholder analysis and shall have the support by key stakeholders¹.
- 2.1.2 The restoration / conservation action plan shall specify how the set of principles laid out under the 2013 FCP commitment to social and community engagement will be considered and implemented.
- 2.2 APP will undertake a pilot study to test restoration and conservation models for their feasibility and effectiveness, social and environmental benefits, as well as their stakeholder support.
- 2.3 APP will implement successfully tested restoration and conservation models on at least 10 per cent of the targeted overall restoration and conservation area within the period of the roadmap.

NOTE TO STAKEHOLDERS:

'Implement is not to be understood as 'complete within the period of the roadmap', as relevant measures may extend over a considerable time period. Instead, it means that such measures will have been 'initiated including funding allocated, transferred or otherwise secured; implementation partner(s) secured or MoU(s) signed; and initial on-the-ground project activities underway.

3. APP will align concepts for establishing new plantations with FSC definitions and rules

- 3.1 APP will clarify how its adopted High Carbon Stock (HCS) approach considers:
- ◆ past causes, verified using best available technology such as remote sensing and environmental impact assessments, and responsibilities for the degradation of forests that are today classified as 'low carbon stock';
 - ◆ the potential for restoration of today degraded / low carbon stock forests.
- 3.2 APP will align its adopted HCS approach with the FSC definition for 'natural forests' and relevant restrictions for their conversion once specified by the Indonesian FSC National Standard.

NOTE TO STAKEHOLDERS:

Areas developed to plantations since the FCP came into effect in 2013 which in retrospect would have to be classified as 'natural forests' under a future Indonesian FSC National Standard, and the conversion of which would be considered unacceptable thereunder, will be included in the total area of converted forest for which APP will provide adequate compensation for.

¹The APP Stakeholder Advisory Forum could serve as an assembly of such key stakeholders.

4. APP will exert due diligence for the sourcing of forest-based material

- 4.1 APP will specify the processes and verification measures put in place to ensure that all wood fibre used to manufacture its paper products complies with the 2012 APP Responsible Fibre Procurement & Processing Policy.

5. APP will publicly report progress of its forest management operations and its compensatory measures

- 5.1 APP will make publicly available the following documents in relation to roadmap commitment #1:
- ◆ the CW action plan (1.2.1) for its 9 concessions and selected supplier concessions;
 - ◆ the FCP action plan (1.2.2) for the supplier concessions;
 - ◆ the social and community engagement action plan (1.2.4) for all concessions;
 - ◆ the CW audit report (public summary commensurate with FSC guidelines) for its 9 concessions and selected supplier concessions;
 - ◆ the FCP implementation report for the remaining supplier concessions, as currently set out in the APP FCP Dashboard, supplemented with additional information as agreed;
 - ◆ a timeline (1.2.3) for reaching full compliance of its supplier concessions with the FSC Controlled Wood standard.
- 5.2 APP will report progress towards the roadmap commitment #1 as follows:
- ◆ quarterly progress reports along with quantitative indicators for the action plan (1.2.1) and agreed milestones for the action plan (1.2.2 and 1.2.4).
- 5.3 APP will make publicly available the following documents in relation to roadmap commitment #2:
- ◆ a consultation draft of the restoration / conservation action plan;
 - ◆ the stakeholder analysis (prior to consultation of the restoration / conservation action plan);
 - ◆ the results of the stakeholder consultation;
 - ◆ the final restoration / conservation action plan (considering the results of the stakeholder consultation).
- 5.4 APP will report progress towards roadmap commitment #2 as follows:
- ◆ quarterly progress reports along agreed milestones for the restoration / conservation action plan.

ACRONYMS

APP	Asia Pulp & Paper
CW	Controlled Wood
FCP	Forest Conservation Policy, 2013
FSC	Forest Stewardship Council
HCS	High Carbon Stock
MoU	Memorandum of Understanding
PfA	Policy for Association

IMPLEMENTATION OUTLINE:

APP roadmap commitments towards compliance with the FSC Policy for Association

