



## **APP statement regarding the EPN milestones**

On 19th September 2013, EPN released its milestones document, which sets out EPN's expectations with regard to our Forest Conservation Policy (FCP).

Much of the thinking contained in the document is broadly in line with our own, and as such, below is an update on the work we are doing with regard to the main points raised:

### **Moratorium**

Our moratorium continues to act as the foundation for our FCP efforts. We are satisfied with its success, particularly given the vast amount of land it covers. Working across nearly 2.7m hectares has proven challenging and there have been a number of breaches, the most recent being in South Sumatra and Riau Province, about which we proactively communicated with stakeholders. We have used unauthorised clearance such as this to strengthen processes and systems to prevent it from happening again.

### **Mixed Tropical Hardwood (MTH)**

Following stakeholder consultation, APP brought forward its deadline for allowing natural forest pulpwood fibre through the mill gates, to August 31st 2013. Since that date, no natural forest pulpwood fibre has been allowed to enter our pulpmills.

Since we introduced the FCP, we have been looking for ways to achieve our goal of eliminating Non-HCV/HCS MTH fibre from our supply chain entirely.

EPN's document requests that we do not take any more MTH after 1 January 2014, even though such wood would originate from Non-HCV/HCS areas. This presents us with a challenge on how we manage the logistics and the use of the logs generated after the HCV and HCS areas have been identified and protected. We are currently calculating the expected volume of this MTH fibre in our suppliers' concessions. We want to work collaboratively with stakeholders to decide how best to use this resource if we are not going to use it for pulp. We have asked NGOs for their input and suggestions and we look forward to hearing the outcome of this at our next meeting.

Our core principle is clear: we have always supported a 100 per cent plantation policy for all pulp and paper production. Together with other stakeholders, we will strive to



find environmentally responsible, commercially viable and logistically practical alternative uses for non HCS wood.

### **Future APP suppliers and acquisitions**

We are developing an association procedure to assess future suppliers or acquisitions to ensure they are compliant with our Responsible Fibre Procurement and Processing Policy. We are committed to consulting stakeholders on this procedure and will use their input to help finalise it.

### **Independent audit**

APP will engage a globally respected auditing organisation to audit progress in implementing the FCP. We will adhere to the auditor's standard practice and we are of course happy to seek input from our stakeholders on this process. While there will be public consultation in the audit process, we do not believe that having multiple clients for the audit will produce a successful outcome. For all third-party auditing practices, the client must agree the terms and pay the cost of the audit. Without this, the accountability and ownership of the results is immediately compromised.

We are suggesting that NGOs who seek to part-fund the process should instead use that funding to assist local Indonesian NGOs who lack sufficient resources to participate in our FCP monitoring programmes.

### **Conservation and restoration**

The HCV and HCS assessment process will lead to management plans which will include conservation and restoration recommendations as part of an integrated Sustainable Forest Management Plan.

However, we will go further than just implementing those recommendations, as APP is interested in developing a new model of high impact, measurable, landscape-level conservation. It is clear that many existing conservation models have failed and we wish to expand areas and initiatives on a landscape scale in partnership with NGOs, government and concession holders from other industries. In this way, we'd like to see Indonesia set a new level of ambition on landscape-level conservation.

In terms of the amount of land to be conserved and restored, we are currently reviewing a number of different frameworks such as those specified by the Consumer



Goods Forum, the RSPO, the PEFC and the FSC. Furthermore, we believe that this standard of restoration should be implemented by all companies in the pulp and paper industry globally.

## **FPIC**

At the same time as conservation of the forest, we are also committed to ensuring we operate in line with the needs of the local communities. We are committed to the principles of Free, Prior and Informed Consent (FPIC). We have conducted intensive social mapping so we know where community conflict might be an issue and we have carried out conflict resolution and its associated training, with some success, most notably in the recent Senyerang case in Jambi province.

Further to this, in July, we announced our decision to take over the development of a new mill in South Sumatra and we are committed to applying the principle of FPIC as part of the development process.

APP remains committed to tackling these remaining challenges in partnership with multiple stakeholders. We have made truly significant progress and aim to be transparent as possible about our successes as well as our shortcomings. With this in mind, interested parties should visit our FCP monitoring dashboard to stay up to date on our progress. Visit our Dashboard to apply for a log in.