

PROTOCOL FOR NEW PLANTING AT THE CONSESSION OF FOREST PLANTATION AFTER 31 JANUARY 2013

BACKGROUND

APP believes in business sustainability that balances ecosystem conservation and community empowerment. It is important to APP that we implement targeted and measurable actions to responsibly manage the natural resources that we use.

In June 2012 APP launched its Sustainability Roadmap: Vision 2020 and we are committed to achieve all the targets that we have set for ourselves and continue to demonstrate to our stakeholders that we produce responsible products.

A set of policies have been developed to support our efforts to realize our Sustainability Roadmap goals. These policies include the APP Responsible & Sustainable Business Declaration and the Forest Conservation Policy (FCP) that covers commitments to protect HCVF and HCS, to implement best practices in peat land management, and social and community engagement, and to ensure responsible forest management, throughout our wood supply chain.

One implementation of the FCP is the suspension of natural forest clearance (Moratorium of Natural Forest Clearance) for the development of forest plantation that would be raw material sources for APP's pulp and paper production until HCV assessments and HCS studies are complete.

This protocol is applicable to suppliers who have agreed to implement the moratoria and have planned to cut and clear land in natural forest area after 31 January 2013.

OBJECTIVES

As a reference for the staff and management of APP and its suppliers in the implementation of the natural forest clearance moratoria after 31 January 2013 throughout APP's supplier concessions.

GENERAL TERMS

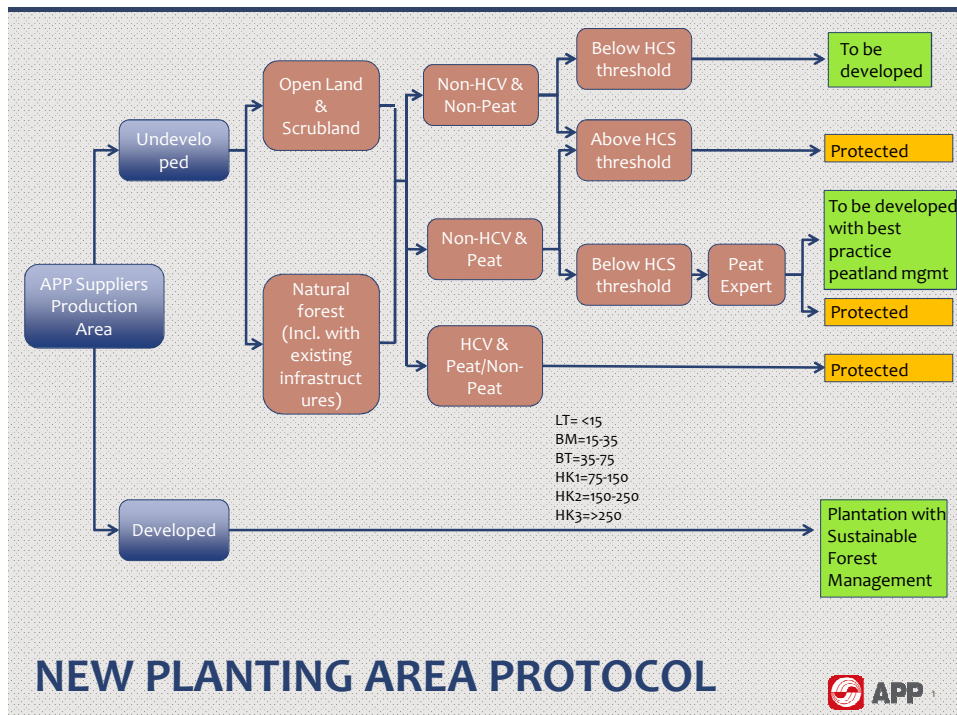
1. New planting areas are new operational locations that will be established after the Moratorium, and will be based on the results of high conservation value (HCV)/peat/high carbon stock (HCS) studies and identifications.
2. Carbon Stock is carbon quantity which contain in a reservoir or a system that has the capacity to accumulate or release carbon. In the context of forest, carbon stock refers to the number of carbon that is stored inside the forest ecosystem in the world, not only contained in living biomass and in the soil, but also in dead wood and ground litter.
3. Land stratification for HCS studies consist of:
 - a. HK3 – High Density Forest. Remnant forest or advanced secondary forest close to primary forest

- condition.
- b. HK2 – Medium Forest Density. Remnant forest that is significantly more disturbed than High Density Forest.
 - c. HK1 – Low Density Forest. Appears to be remnant forest but highly disturbed and recovering (may contain plantation/mixed garden).
 - d. BT – Old Shrubs. Mostly young re-growth forest, but with occasional patches of older forest within this strata.
 - e. BM – Young Shrubs. Mostly open area, containing woody vegetation that recently grew back and grass-like cover.
 - f. LT – Open Areas. Open areas with mostly grass or crops, and few woody plants.
4. HCVs are environmental, social or cultural attributes that are considered to be very important at local, regional and global levels.
 5. APP's pulpwood suppliers consist of:
 - a. Forest Management Unit (FMU) under the management of a business entity or individual which supply the timber raw material.
 - b. Business entity that supplies wood chip material.
 6. Free, Prior and Informed Consent (FPIC) is a process to enable indigenous peoples and/or local communities to carry out their fundamental rights to state whether they agree or do not agree to all the activities, projects, or policies that will be implemented within the living space of the community and potentially affected their land, regions, resources and livelihoods .
 7. Monitoring teams comprised of TFT and APP members, and can be added to with independent observers (IO) who come from:
 - a. Parties requested by APP and TFT due to field expertise.
 - b. Parties that voluntarily want to be involved in the monitoring process, and are approved by APP parties.
 8. Team decision-makers consist of APP/SMF and relevant FMUs.

ACTIVITY PHASES

1. FMU submit their plan to open new land for plantation development based on valid RKT (Annual Work Plan) and RKU (Long Term Work Plan) to APP to be forwarded to TFT.
2. APP and FMU conduct the land categorization based on the HCV and HCS assessment results to decide whether or not a new plantation development can be undertaken.
3. For the HCV study:
 - a. FMUs will carry out HCV identifications in all concession areas, based on the HCV Indonesia Toolkit (having already passed peer reviews and conducted public consultations on the results), with the involvement of relevant stakeholders in the FMU concerned. Peatland experts/practitioners will be involved in special peatland areas.
 - b. FMUs will create HCV management plans based on the recommendations of HCV identifications

- and peatland experts / practitioners for the management of peatland areas.
- c. FMU to conduct the delineation and establishing area boundary based on the identification of HCV.
 - d. FMU to produce a work plan on forest clearing and land clearing in areas in which HCV is not identified, in the operational plans (micro planning).
4. For the study of HCS stratification:
 - a. FMU to implement stratification of land cover based on 2011 and 2012 SPOT imagery. Land cover is to be divided into at least 6 classes which are open land (LT); young shrubs (BM); old shrubs (BT), low density forest (HK1), medium density forest (HK2), high density forest (HK3).
 - b. FMU to delineate and establish area boundary based on the results of land cover stratification.
 - c. FMU to create a work plan for forest and land clearing in the area identified as LT and BM within the micro planning.
 - d. TFT team together with APP will verify area delineation result and land clearing work plan based on the HCV identification result and/or land cover stratification result and the current RKT.
 - e. The verification results to be recorded in the Verification Report signed jointly by APP, TFT and related FMU.
 5. The decision-making process for land types that can still be worked was decided after HCV identification, which includes recommendations by peat experts / practitioners and HCS studies, as explained in the diagram below:



6. FMUs will conduct social preparation by implementing FPIC principles prior to the opening of new land for plantation development. For detailed procedures regarding FPIC implementation, refer to the FPIC SOP.

7. Operational implementation of new land clearance for plantation development, as determined in points 5 and 6, must be approved by SMF's CEO.
8. The results of the above studies will be used as the basis to revise the RKU and all related legal documents for operational guidelines.
9. Documenting all the activity in the field.

MONITORING

1. The monitoring of new land clearing for plantation development will be carried out by:
 - a. Referring to procedures of each FMU which have been reviewed by APP and TFT.
 - b. Addressing reports or complaints from Independent Observer (IO) through the grievance mechanism.
2. FMUs will report the monitoring results in accordance with section 1.a. to APP and TFT periodically every 3 (three) months.
3. TFT and APP teams will conduct field verifications if the results of the monitoring in paragraph 1 (one) above indicate a violation of the implementation of this protocol.
4. For verification, the team will make an official report based on the verification results which will be reported to the management of APP and TFT for follow up.

REPORTING

1. The expert team will create a report on the results of HCV, HCS and peat studies.
2. FMUs will develop a report on the implementation of new land clearing for plantation development.
3. APP and TFT will create a summary of the study reports and monitoring of new land clearing for plantation development.

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