



APP'S PERFORMANCE IN MEETING ITS SOCIAL RESPONSIBILITY COMMITMENTS

NGO Submission Provided to Rainforest Alliance's
Evaluation of APP's Progress in Fulfilling Social
and Environmental Commitments

HuMa





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BACKGROUND

Asia Pulp and Paper (APP) has a well-documented legacy of adverse social and environmental impacts associated with its operations. In February 2013 - after widespread public criticism of the company, community opposition and pressure from customers and investors - APP released a Forest Conservation Policy (FCP) that, along with other public commitments made by the company between 2012-2014, set out the company’s intention to reform its practices and address its legacy of destruction and conflict.

APP has a 2.6 million hectare land bank in Indonesia. The company has cleared and drained extensive areas of rainforest and peatlands in Sumatra and Kalimantan and converted them to monoculture pulpwood plantations. About half of its plantations are located on carbon rich peatlands. The development and operation of plantations in these areas involves natural forest clearance and peat drainage and is a major source of Indonesia’s greenhouse gas emissions. APP’s legacy also includes the clearance and conversion of vital rainforest habitat for a rich diversity of species including the critically endangered Sumatran tiger.

Further, the development of these plantations has come at a large cost to indigenous peoples and local communities that have, in many cases, had their customary lands taken, their traditional livelihoods undermined and their human rights violated. The failure of APP and the Indonesian government to respect community rights and recognize land tenure has created hundreds of conflicts between communities and APP across the company’s concession areas.

As part of APP’s Forest Conservation Policy of February 2013, the company committed to resolve these land and other social conflicts, respect the right of communities to give or withhold their Free, Prior and Informed Consent (FPIC), meaningfully engage stakeholders and to practice transparency. Many in civil society, industry and government welcomed APP’s commitments. However, because APP had made similar promises in the past and failed to meet them, many groups have called for the implementation of APP’s commitments to be independently verified to have an impact on the ground prior to customers and investors resuming or starting business with APP and its affiliates.

In January 2014, APP announced that the Rainforest Alliance (RA) would conduct an independent evaluation of the company’s performance in implementing its social and environmental commitments. RA developed Key Performance Elements and associated Performance Indicators to evaluate APP’s progress in implementing the commitments it has made.

EXECUTIVE SUMMARY

A coalition of Indonesian and International NGOs and community based organizations largely focused on human rights, land and social issues but with a deep commitment and substantial expertise in environmental issues and sustainable development has come together to provide input - mostly on APP's performance relating to its commitments on social issues, stakeholder engagement and transparency - into RA's evaluation. They include Wahana Bumi Hijau, Scale Up, Rainforest Action Network, HUMA, Jaringan Masyarakat Gambut Riau, Jaringan Masyarakat Gambut Jambi, Forest Peoples Programme, Link-AR Borneo, Persatuan Petani Jambi, KPA Hijau and Pusaka.

Several of these groups are working with communities impacted by APP and affiliates. Several have been engaging with APP directly both prior to the company committing to adopt reforms as well as after the company's commitments were made. Most have participated in APP Focus Group Discussions, as Independent Observers or in the Solutions Working Group.

The input to the RA Evaluation is based on interviews with village leaders and community members from 17 communities impacted by APP and its affiliates in Riau, Jambi, South Sumatra, West Kalimantan and East Kalimantan conducted between March and September 2014. It is also based on the experience of several organizations that have been working over time with these and other communities and farmer groups impacted by APP. Finally, the input and analysis of APP's performance in the Submission is drawn from these organizations observing and engaging APP on the implementation of its commitments in a variety of settings since February 2013. In the Submission, we refer to and present data and analysis on the set of Key Performance Elements and Indicators developed by Rainforest Alliance. The submission does not reflect actions APP may have taken after August 2014. However, this summary and these recommendations reflect issues that remain relevant and of utmost importance if APP is going to meet its commitments on social issues, stakeholder engagement and transparency commitments in 2015 and beyond. The Submission has the following elements:

1. Findings and Experience Related to APP's Performance in Implementing its Commitments on Social Issues and Community Engagement in 17 villages
2. Analysis and Conclusions Relating to APP's Performance on Key Elements and Indicators of APP's FCP Policy Commitment 3 on Social Issues and Community Engagement
3. Analysis and Conclusions relating to APP'S Performance on Additional Key Elements and Indicators Relating to Transparency, High Conservation Values, High Carbon Stocks, etc.

In summary, we find that much work remains to be done before APP can be seen to be successfully implementing its policy commitments related to resolving land conflicts and respecting FPIC and rights or to be seen to be satisfactorily meeting its commitments relating to stakeholder engagement and transparency. Although the company has put a host of building blocks in place to implement its commitments, in most cases, changes have yet to reach the ground (i.e. the Forest Management Unit level) where many practices remain the same as prior to APP's announcement of its FCP.


“ A coalition of Indonesian and International NGOs and community based organizations...has come together to provide input - mostly on APP's performance relating to its commitments on social issues, stakeholder engagement and transparency...The input to the Rainforest Alliance Evaluation is based on interviews with village leaders and community members from 17 communities impacted by APP and its affiliates in Riau, Jambi, South Sumatra, West Kalimantan and East Kalimantan conducted between March and September 2014. ”

“ Although the company has put a host of building blocks in place to implement its commitments, in most cases, changes have yet to reach the ground ”

Resolving Conflicts

We found that APP was not responding adequately to conflicts brought to its attention in at least four provinces. This indicates that APP has yet to satisfactorily focus on implementing its social commitments. It raises questions about how the company will work with communities and NGO advisors and will scale up efforts to resolve the numerous conflicts found throughout its concessions. In at least five villages with land and social conflict (Lubuk Mandarsah in Jambi, Minas Barat and Teluk Meranti in Riau, Labai Hilir in West Kalimantan and Manamang Kiri in East Kalimantan), APP failed to inform communities about its policies, establish agreed conflict resolution processes with the community and NGO advisors, respond to community complaints in a timely way or register community complaints using its grievance mechanism. And, even in areas where conflicts had been brought to the company's attention, APP is failing to consult communities and their NGO advisors or to get agreement with key stakeholders on what processes are needed to resolve conflicts, preferring instead to develop conflict resolution action plans in isolation. Further, APP is using the fact that it is developing an action plan for a community as a reason not to be transparent about the conflict or post community complaints on the company dashboard thereby triggering open grievance procedures.

APP has not shared the results of its conflict mapping or satisfactorily consulted rights holders or other key stakeholders on its strategy for scaling up its conflict resolution efforts or on the action plans it is developing to address specific conflicts. This is preventing affected communities, NGO advisors and other key stakeholders from being able to communicate and coordinate with APP in order to plan for or play a constructive role in sharing information, building capacity and developing effective and equitable conflict resolution processes and pathways with communities. In some cases (e.g. Labai Hilir, Tuluk Meranti), APP appears to want to avoid communities having NGO advisors present for its meetings or negotiations with communities.



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“

The most promising finding concerning APP's performance to resolve conflicts is seen in two communities, Datuk Rajo Malayu in Riau province and Riding in South Sumatra province, where APP is piloting a conflict resolution approach that utilizes a mutually agreed third party mediator and a broadly accepted conflict resolution methodology...”

“

...with hundreds of conflicts yet to be resolved and with APP's poor performance in addressing community complaints and conflicts in the five other villages we surveyed, the company has a long way to go before its commitment to resolve conflict and respect rights is satisfactorily met.”

Though the exact number is not available publicly, there remain hundreds of unresolved land and other disputes with communities across APP's and its suppliers' land bank. APP responds that they have done conflict mapping and are developing action plans to address conflicts across their land bank, however, it is troubling that affected communities and other key stakeholders have not had the opportunity to participate in the conflict mapping process or in the development of action plans that concern their own future and interests.

The most promising finding concerning APP's performance to resolve conflicts is seen in two communities, Datuk Rajo Malayu in Riau province and Riding in South Sumatra province, where APP is piloting a conflict resolution approach that utilizes a mutually agreed third party mediator and a broadly accepted conflict resolution methodology. In these cases, both communities have chosen to have NGO advisors that have assisted communities by providing information and conducting community organizing. This approach shows significant promise, with one of the communities (Riding, South Sumatra) reaching an agreement with APP in late November 2014, and should be seen as model to scale up. In addition, APP has made largely satisfactory progress in developing SOPs/protocols relating to conflict resolution and Free, Prior and Informed Consent. The company's grievance mechanism remains problematic. And, with hundreds of conflicts yet to be resolved and with APP's poor performance in addressing community complaints and conflicts in the five other villages we surveyed, the company has a long way to go before its commitment to resolve conflict and respect rights is satisfactorily met.

Free, Prior and Informed Consent

APP has not fully respected the right of communities affected by the proposed OKI Pulp and Paper mill to give or withhold their consent (FPIC). APP has already started construction of the mill, yet the company has not followed key elements of its own SOP/protocol relating to FPIC. For example, participation in the FPIC process was limited. Information provided was often inadequate and not given in writing. Written consent from a majority of community members or groups potentially affected by the project was not obtained. Permits for the Mill and construction of the Mill commenced before consent was given by one or more of the potentially affected communities with a right to FPIC. In short, the Free, Prior and Informed Consent of at least one community directly affected by the proposed new mill has yet to be obtained and several aspects of the FPIC process in other affected communities has been flawed.

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Additional Performance Elements Relating to High Conservation Values, High Carbon Stocks, Stakeholder Engagement and Transparency

Our submission to the Rainforest Alliance evaluation finds that APP has failed to adequately share information, consult or address social issues in the High Conservation Value (HCV) and High Carbon Stock (HCS) assessments it is conducting. Specifically, APP's performance has not been satisfactory in that:

- The process of consulting and collecting data for HCV 5 & 6 in draft HCV reports has been flawed (e.g. assessments failed to adequately consult communities about land use and values prior to plantation establishment)
- The content of HCV studies relating to HCV 5 & 6 fail to adequately capture livelihood and cultural values associated with the areas being assessed (e.g. of the more than 1 million hectares of concessions in Sumatra, less than 3,500 ha have been identified as HCV 5 or 6)
- Stakeholders have not been provided with appropriate opportunities for input in HCS process and HCS reports have not been shared with stakeholders
- There are serious and outstanding concerns that the HCS studies, reports and recommendations will not include results of participatory mapping or identify areas claimed by communities or important for community land use, and that areas identified as HCS will not require FPIC by rights holders prior to land use designation

In addition to FPIC, conflict resolution processes and direct negotiations with specific communities, the main mechanism APP is developing to meet its commitments and achieve improved social and environmental outcomes on the ground are Integrated Sustainable Forest Management Plans (ISFMPs) that bring together information and recommendations from APP's various studies (e.g. HCV, HCS, conflict mapping) and put forward specific management plans to be implemented. As of September 2014, no ISFMPs had been developed and there had been little engagement with rights holders and stakeholders on the ISFMPs. In October 2014, APP hosted the first meeting with stakeholders in Jambi on the ISFMP process where the approach is being piloted. In November APP met with stakeholders to explain the ISFMP and its restoration commitment. These are positive developments, but these are still early days. The Jambi ISFMP may take a year or more to develop and only then can the quality of the plan and an assessment of its implementation be made.

The development and implementation of ISFMPs and the impacts of carrying out the plans are one of the most fundamental and important indicators for whether APP is in fact meeting its commitments. The lack of information about and the mixed quality of the conflict mapping, peatland studies, HCV and HCS studies that will become the basis for the ISFMPs, suggests that the ISFMPs will need to be carefully developed and monitored. ISFMPs will also require robust engagement with stakeholders and the Free, Prior and Informed Consent of rights holding impacted communities to areas impacted by the plans. Until ISFMPs have been developed and implemented in Jambi and several other provinces, it is too soon to tell the extent to which APP is meeting its social and environmental commitments and whether promised social and environmental improvements are being delivered on the ground.

Our Submission finds that, to date, APP has failed to meet or fallen short on its commitments relating to information sharing, transparency and stakeholder engagement. In several core areas, from social conflict mapping to FPIC implementation and from HCS studies to the development of ISFMPs, APP has not adequately shared information or meaningfully involved rights holders or other key stakeholders. Where stakeholders have provided input, the company has frequently failed to adopt the input or to explain why it was rejected. Generally, we found that consultation and use of stakeholder input happens at the convenience of the company or when sufficient pressure is applied. APP continues to under value stakeholder consultation and input as a necessary and additive part of the FCP implementation process.

“ Until Integrated Sustainable Management Plans (ISFMPs) have been developed and implemented in in Sumatran province of Jambi and several other provinces, it is too soon to tell the extent to which APP is meeting its social and environmental commitments and whether promised improvements are being delivered on the ground ”

“ Our research suggests that APP is still in the preliminary stages of implementing its social commitments and that, in most cases, changes on the ground have yet to take place. ”

“ Because there are so many areas... where implementation has yet to begin or where it is still too early to evaluate the tangible impacts of reforms, it is vital that ongoing monitoring and independent verification of APP’s performance continue.

We believe satisfactory performance by APP in implementing its social, transparency and stakeholder engagement commitments will help create better outcomes and more durable and equitable agreements with communities. ”

Conclusions

Our research suggests that APP is still in the preliminary stages of implementing its social and environmental commitments and that, in most cases, changes on the ground have yet to take place. Because there are so many areas – e.g. HCS, ISFMPs, FPIC, resolving community conflicts, stakeholder engagement, wood supply and transparency – where implementation has yet to begin or where it is still too early to evaluate the tangible impacts of reforms, it is vital that ongoing monitoring and independent verification of APP’s performance continue.

The Rainforest Alliance evaluation submission contributors think it is important that the results of our monitoring, research and analysis catalyse and become part of ongoing scrutiny and public discourse on APP’s progress toward meeting its social and environmental commitments. Our intent is to encourage APP to effectively implement its commitments and to help secure community rights and remedies for past harm. We will continue to examine how APP is implementing its social and transparency commitments and will continue to make recommendations about how APP can improve its performance. We will continue to support communities affected by APP to know and exercise their rights, resolve conflicts and secure remedies for past harm. We believe satisfactory performance by APP in implementing its social, transparency and stakeholder engagement commitments will help create better outcomes and more durable and equitable agreements with communities. We are committed to working with APP to implement its commitments in good faith.

In this spirit, the focus of the RA Submission is on areas where we found that APP’s performance is lacking or needs improvement. The intention is to provide credible information on the current status of how the company is implementing its commitments, to point out areas for improvement and to provide specific recommendations. This executive summary and the RA Submission have been shared with APP prior to publication to indicate factual inaccuracies and to provide an opportunity for the company to respond to the recommendations below.

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RECOMMENDATIONS

General Recommendations for the Implementation of Social Commitments

1. APP prioritizes the implementation of its social commitments and best practice with regards to FPIC and conflict resolution and stakeholder engagement. The company should ensure this happens at the Forest Management Unit level and add personnel and capacity to achieve this as needed. It should include performance on social issues as part of employee evaluations and compensation.
2. APP ensures that social mapping and participatory mapping of community land use, claims and tenure take place as part of the HCS and ISFMP processes and that conflicts regarding community land use, tenure and claims are resolved prior to the finalization of Integrated Sustainable Forest Management Plans (ISFMPs).
3. Where communities reject pulpwood plantations, Integrated Sustainable Forest Management Plans (ISFMPs) or other developments on their customary lands should not be imposed (and, by agreement, village lands should be excised from, or 'enclaved' within concessions).
4. Where communities agree to relinquish areas for pulpwood plantations or other company interests, studies of HCS, HCV and peatland zoning and the development of ISFMPs for managing these values should be carried out with the involvement of the affected communities and their NGO advisors, and recommendations for managing these values should have the Free, Prior and Informed Consent of affected communities and become part of any negotiated agreement with APP. These agreements should:
 - clarify what managing particular values will mean to villagers in terms of their continued access to lands and resources
 - clarify who will manage such areas (e.g. areas might be proposed as community managed or co-managed, or company managed areas depending on the main purpose of the areas and depending on agreements negotiated with each community based on FPIC)
5. APP shares information on new plantation expansion areas as well as on new concessions and areas for development with stakeholders so that stakeholders may observe and so they can support affected communities.
6. APP works with key stakeholders to develop agreed improvements to its grievance mechanism/SOP as well as to the information it shares on the dashboard relating to social issues and ISFMPs. For example, APP's recognition that conflict is present from its conflict mapping process must not preclude listing and transparency regarding specific conflicts via its grievance mechanism. Conflict resolution action plans shall be agreed with rights holders, their chosen NGO advisors and other key stakeholders.
7. APP contributes to a trust fund and mechanism to provide expert advice (e.g. mapping, accounting, legal, agricultural, etc.) for communities, based on a governance system that is agreed with the Social Issues Working Group
8. APP works with stakeholders and government to secure enforcement of existing and, where needed, revisions to relevant policies and regulations so that community rights are recognized and respected prior to the allocation of further industrial pulp wood plantation (HTI) permits/ licenses and so that the resolution of conflicts within existing concessions is achieved.

Recommendations for Addressing Specific Problems Identified in the RA Submission

9. APP promptly publishes the complaints it has received from communities, including Manamang Kiri in East Kalimantan, Labai Hilir in West Kalimantan, Lubuk Mandarsah in Jambi, Muara Bungkal and Teluk Meranti in Riau. APP works with rights holders and stakeholders to resolve these complaints, with an initial step being a mutually agreed plan with complainants and their NGO advisors on the steps that will be undertaken to resolve these complaints.
10. APP works with rights holders and stakeholders to revisit and address shortcomings in the OKI Mill FPIC process so that affected communities are able to give or withhold their consent (FPIC) to the proposed mill and associated infrastructure. This process should include consultations with affected communities to develop mutually agreed frameworks and timetables so that the communities are able to participate in social and environmental assessments, consider the costs and benefits of the proposed developments, and negotiate agreements with APP concerning these developments. During this process construction of the mill and other mill associated activities must be suspended.

The process must also:

- Involve wide participation by various social groups within the community until decision making processes and representatives have been agreed by the community
 - Generate information about the project by undertaking studies with the involvement of affected communities; e.g. area and size, timing and duration, social and environmental impact assessments and HCV and HCS - including impacts on lands, vegetation, the river, fishing and water supplies, etc.
 - Ensure that the communities have access to NGO advisors and independent expert advice on legal, financial, environmental and other relevant matters.
11. APP states publicly that they have not yet implemented their own FPIC SOP/protocol, do not yet have community consent for the development of the OKI mill and will do further work to conduct a credible FPIC process and will inform investors and the public of the outcomes.

Recommendations on Stakeholder Engagement and Transparency

12. APP works with key stakeholders and advisors to activate the Social Issues Working Group with a terms of reference mutually agreed by its members that allows for information sharing with relevant constituents.
13. APP shares its conflict resolution strategy, implementation/action plans and the results of its conflict mapping and conflict typology studies as well as other relevant procedures and data with the Social Issues Working Group and other key stakeholders as appropriate.
14. The Social Issues Working Group and other key stakeholders review and come to agreement on APP's conflict resolution strategy and action plans including: process for consulting and coming to agreement with communities and NGO advisors on how specific conflicts should be resolved; next phases of APP's social conflict resolution program and time-bound performance targets and milestones for its implementation.
15. APP, the working group and other key stakeholders develop and agree to monitoring, verification and reporting provisions and plan for reporting and independent monitoring and verification of the implementation of the conflict resolution system, strategy, targets and milestones.

TO: Keith Moore and Rainforest Alliance Evaluation Team

FROM: Wahana Bumi Hijau; Linkar Borneo, Rainforest Action Network, Jaringan Masyarakat Gambut Riau, Jaringan Masyarakat Gambut Jambi, Forest Peoples Programme, Scale Up, Huma, Pusaka, Persatuan Petani Jambi

RE: Submission to the Rainforest Alliance Evaluation of Asia Pulp and Paper's Performance in Implementing its Social and Environmental Commitments

Dear Keith,

We are writing to provide input to the evaluation Rainforest Alliance is conducting on APP's performance in meeting the social and environmental commitments it has made since June 2012 when the company announced its "2020 roadmap to sustainability" and including its Forest Conservation Policy (FCP) and subsequent public commitments made by the company.

We are a group of Indonesian and International NGO's largely focused on human rights, land and social issues but with a deep commitment and substantial expertise in environmental issues and sustainable development. Several groups are working with communities impacted by APP and affiliates. Several groups have been engaging with APP both prior to the company committing to adopt reforms and after the company's public commitments were made, including Focus Group Discussions, as Independent Observers and in the Solutions Working Group.

Our input to the evaluation is based on interviews with village leaders and members from at least 17 communities impacted by APP and its affiliates in Riau, Jambi, South Sumatra, West Kalimantan and East Kalimantan. It is also based on our own experience observing and engaging with APP on the implementation of its commitments in a variety of settings.

We have organized our submission as follows. First we provide a table referring to key commitments – especially commitment 3 relating to "Social and Community Engagement" – in APP's FCP and information from communities we have met with in the different provinces. Second we summarize and analyze APP's performance on key elements and indicators related to the data and analysis in the table. Third, we provide input on a range of other key elements and indicators and address other issues and questions raised by RA and our research and experience. We conclude with several observations and recommendations. Finally, we attach exhibits/appendices – whether letters, e-mails, reports, photos, etc. – associated with our submission.

In summary, we find that much work remains to be done for APP to implement its policy commitments and for it to work effectively with stakeholders and rights holders. In important respects, the right of affected communities to give or withhold their consent to planned developments is not yet being respected, and in several areas APP is not yet negotiating in good faith with communities that have already lost land and livelihoods to APP's operations. Further, though the exact number is uncertain, there remain hundreds of unresolved disputes with communities across APP's and its supplier's land banks. This means that APP's commitment to resolve conflicts is very far from being met. Our research indicates that where new disputes or conflicts are being brought to APP's attention, the company is not being sufficiently responsive. APP has not shared the results of its conflict mapping or meaningfully consulted on its strategy for building on and scaling up its pilot project work in resolving conflicts. The company is not being proactive in identifying, responding to and starting to resolve the multitude of conflicts with communities affected by its operations and purchases. We understand that a main mechanism APP intends to develop to meet its commitments and achieve improved social and environmental outcomes on the ground are the Integrated Sustainable Forest Management Plans (ISFMPs). However, to date no ISFMPs have been developed and little or no engagement with rights holders and stakeholders has gone into the ISFMPs. Thus, although the company has put many of the processes and structures in place to implement its commitments, it is too soon to assess whether these will be implemented and create real improvements for communities and forests on the ground.

End Notes have been inserted into the joint NGO Submission below in response to comments received from APP."

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

(Key Elements 3.1 – 3.14 and associated Indicators)

(See Attachments: 1, 4, 8, 9, 10, 11, 12, 15)

COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	SOUTH SUMATRA	JAMBI
	<p>Village Based Research and Cases: Riding – Riding – OKI Regency and PT. BumiMekarHijau and PT. OKI Mill and 8 villages around the mills</p>	<p>Village Based Research and Cases: Lubuk Mandarsah – Tebo Regency and Senyerang – Tanjabbar Regency and PT. Wira Karya Sakti. PPJ (5 Districts – Tanjung Jabung Barat, Tanjung Jabung Timur, Batanhari, Muaro Jambi and Tebo) and PT. WKS</p>
<p>APP will actively look for and adopt any input and feedback from stakeholders as well as from the local people (Key Element 3.2)</p>	<p>Riding, Ogan Komering Ilir Regency APP held a meeting to share information on FCP's commitment among the communities on March 2013 and it was only attended by NGOs, academics, and government officials. But the meeting was not attended by residents that might be affected directly, such as the residents of Riding Village and other communities around the mill site.</p> <p>Residents of Riding Village have never been informed directly by the APP about their commitment, and have never been invited to attend the FCP information-sharing meeting.</p> <p>NGOs had an opportunity to give some input to FCP documents through meetings that were held by APP. Some of the input is accepted by the APP, particularly input which is related to social issues. On the other hand, the local people were unaware that they have an opportunity to give some input to the FCP.</p> <p>PT. OKI Mill The local people have never been invited to attend such FCP information-sharing meeting. However, officers of 7 village governments were invited as representatives to meetings on EIA (AMDAL), which was held in November 2013 in Palembang.</p> <p>In terms of FCP commitment, the local people are totally unaware of it. Only when a NGO (WBH) organized an FPIC information-sharing meeting did residents of Sungai Rasau, Bukit Batu, and Jadi Mulya village/sub-village become familiar with such commitment.</p>	<p>Lubuk Mandarsah, Tebo Regency The Lubuk Mandarsah community is unaware of APP's commitments and they have never received invitation from APP to FCP meetings discussing the FCP commitment. They also do not know whether or not APP/WKS has a system to accept and adopt feedback from any parties, including the local people.</p> <p>They do not really understand the community satisfaction of input and feedback provision system from stakeholders. For the community itself, they are not satisfied with the common process implemented in the meetings. For example, in a meeting that discussed grievance issues and conflict resolution process on 5 regencies, their chances to clarify and ask some questions to WKS/ APP were very limited and usually the answers are not clear.</p> <p>Senyerang Some residents of Senyerang Subdistrict attended a meeting by APP to launch the FCP, which was held on March 2013 in the city of Jambi. But on the next meeting, which was held in Jakarta, the Senyerang community did not receive the invitation. Moreover, they are unaware that APP has a system to adopt input from the local people in regard to the FCP commitment.</p>

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COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	RIAU	WEST KALIMANTAN	EAST KALIMANTAN
	<p>Village Based Research and Cases: Datuk Rajo Melayu and PT. PSPI and Muara Bungkal and PT. Arara Abadi. Village of Teluk Meranti and Minas Barat and PT. Arara Abadi</p>	<p>Village Based Research and Cases: Labai Hilir Village – Ketapang Regency and PT. Asia TaniPersada</p>	<p>Village Based Research and Cases: Manamang Kiri Village – Kutai Kertanegara and PT. Surya Hutani Jaya</p>
<p>APP will actively look for and adopt any input and feedback from stakeholders as well as from the local people (Key Element 3.2 ctd)</p>	<p>Muara Bungkal The company never spread information on FCP commitment to the villagers. The information-sharing meeting on FCP commitment and consultancy was held only at a provincial level, and was only attended by some NGOs, academics, and government officials.</p> <p>The local people have never been involved in/invited to any meeting by the company whether on its FCP commitment or its other activities. No dissemination was held in villages near the APP operational area.</p> <p>Datuk Rajo Melayu People heard that a meeting will be held in relation to the FCP commitment in Pekanbaru on March 2013, but they did not receive the invitation from the FCP consultation team. It was attended by several NGOs in Pekanbaru and academics as well.</p> <p>People from affected communities received information from the NGOs that APP gave an opportunity for the stakeholders and communities to give some input/feedback. But they were not sure that their input/feedback would be adopted into the FCP commitment.</p>	<p>Labai Hilir APP-related meeting that invited the community and stakeholders in Pontianak is a HCV assessment consultation meeting, which was held by APCS.</p> <p>The community did not receive any invitations to meetings which are related to the FCP's meeting and consultation. They received some information and documents related to the FCP from the NGO that attended the FCP consultation in Jakarta.</p> <p>NGOs, academics, and government officials were the only stakeholders that attended the FCP consultation. Moreover, people do not understand and know whether or not APP has a mechanism or system to track or adopt input and feedback from any parties, including from the local people.</p> <p>In an HCV-related meeting, the attendants received the hard copy only when the meeting was held. But the people did not receive any notes that contain the meeting results.</p>	<p>Manamang Kiri In terms of FCP, the community has never been involved in a consultation or meeting. They are unaware of whether or not the APP has a system to adopt input and feedback from any stakeholders.</p> <p>Nevertheless, there was a meeting between the community and PT SJH in relation to the compensation for loss of their lands that were illegally controlled by the company, in 2008. The community was represented by their elders and village government officers. Representatives of KutaiKertanegara Government also attended the meeting. Unfortunately, the result of the meeting has not been implemented yet.</p>

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

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FINDINGS

	SOUTH SUMATRA	JAMBI
<p>APP will implement FPIC with indigenous people and local communities (Key Element 3.3)</p>	<p>Riding Village When the company came, several conflicts occurred between the company and the community because they did not discuss their activities to the local people. Furthermore, 10,000 hectares of community lands are still disputed by Riding Village and PT BMH. The land in dispute that became part of the BMH concession is the community sonar farming area and fishing ground for the Riding community and the neighboring communities.</p> <p>PT. OKI Mill A process by the company to obtain FPIC was carried out in 8 villages that might be affected by the mill: Bukit Batu, JadiMulya, Kuala Sugihan, Negeri Sakti, Pangkalan Sakti, Rengas Abang and Simpang Heran.</p> <p>According to members of the 8 villages, APP did not explain about FPIC in detail during the meeting. The company did not give the people any information and documents that explain the company's legality, activities, and impacts that might be occurred from the plant activities.</p> <p>During several meetings that were held by APP/OKI Mill, the company never distributed any documents related to the permits or the meeting results. The process of obtaining people's consent was not done in writing. The process to obtain FPIC from affected communities was done from January to June 2014 after APP obtained the mill permit. Meanwhile, the OKI Mill Environmental Permit number 895/KPTS/BAN.LH/2013 was issued by the Governor of South Sumatera in 2013.ⁱⁱ</p> <p>During the FPIC process, the company continued to erect cement piles as well as building foundations and landfill.</p> <p>In terms of Bukit Batu Village, where the mill is to be built, there was a meeting in the village and another meeting in each sub-village to discuss obtaining community FPIC.</p> <p>However, the people never received written documentation that explained about the company's plans, the meeting result, or written agreement which show their approval or disapproval toward the mill construction.ⁱⁱⁱ</p> <p>In terms of the survey result, WBH found out that the people of 8 villages are not satisfied with the ongoing process, except the government of Bukit Batu Village who consider that the company has conducted the information-sharing meeting properly. However, when they are asked about the FPIC, they do not understand that this is their right that the company must respect.</p> <p>In SimpangHeran Village, Air Sugihan Sub-District, on which the mill's Main Port will be built, the government and people the company met in August 2014 said that the company informed them about the plant construction but a FPIC process to request their consent was not conducted. At the same time, the company promised to open job vacancies to the community and to build village infrastructures. In relation to this work, the company said that they will hire up to 60% of the work force from local people.</p> <p>In Kuala Sugihan Village, according to 3 people who attended the meeting with the company in a mosque, the meeting was also attended by a military officer.</p>	<p>Lubuk Mandarsah According to the community, a process to seek their FPIC has never been carried out, and the company did not share information on FPIC implementation commitment when they opened a new plantation area. Even the APP/WKS never explain what FPIC is to the community.^{iv}</p> <p>APP/WKS have not conducted a mapping of some areas that are considered as customary lands by the local people. In addition, they have not discussed what they are going to do with the customary land. Previous meetings were held by the company and the community to discuss grievances and conflict resolution in 5 regencies.</p> <p>Senyerang When WKS arrived for the first time in 2004, the Senyerang community did not receive confirmation/information from WKS in relation to their business activity plan. But some of the local governments were familiar with the company's activity because they were invited by Tanjung Jabbar Regency government to the project's information-sharing meeting.</p> <p>After the FCP commitment on 5 February 2013, WKS/APP never shared information directly with the Senyerang Subdistrict community in terms of the commitment of FPIC implementation.^v Moreover, the inform and seek Consent process was not conducted by the APCS during the HCV study in Senyerang and WKS area. Six village leaders we met on May 2014, three of whom were directly involved in the negotiation process with the APP/WKS, were unaware of that a HCV study had been conducted, or how the information would be used.</p> <p>PPJ – 5 districts In participation with communities, PPJ has identified that there are at least 2 traditional lands which never been mapped by APP/WKS, namely in Danau Lamo – Muaro Jambi and Sengketi Gedang Mersam – Batanghari.^{vi}</p>

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

(Key Elements 3.1 – 3.14 and associated Indicators)

(See Attachments: 1, 4, 8, 9, 10, 11, 12, 15)

COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	RIAU	WEST KALIMANTAN	EAST KALIMANTAN
<p>APP will implement FPIC with indigenous people and local communities. (Key Element 3.3 ctd)</p>	<p>Muara Bungkal A process to obtain community FPIC has not been conducted. The company attempted to plant without requesting FPIC on 5,192 hectare of land that is in dispute with the community. The company destroyed people's crops on 230 hectares of the disputed land with the consent of the farmers.</p> <ul style="list-style-type: none"> • 120 hectare of it is located in Kilometer 90. There are about 1,000 oil palm trees that are pulled out by the security officer of PT ARARA ABADI in Muara Bungkal Village, Sungai Mandau District, Soak Regency (2013). • The other 110 hectare is located near Sungai Lipai. There are ± 40 hectare of plantation that was pulled out by the security officers of PT ARARA ABADI (2014). <p>So far, there is no effort of the company to settle the dispute.^{vii}</p> <p>Datuk Rajo Melayu According to the information given by the community who were interviewed on August 2014, a process to respect the right of the community to FPIC has not been done and the community is unaware that APP is intending respect their right to FPIC.^{viii}</p>	<p>Labai Hilir According to the Labai Hilir community, the community has never given FPIC, and the company did not disseminate information on its FPIC implementation commitment to them when it opened a new area. APP never explained what FPIC is to the community.^{ix}</p> <p>Members of the community were invited to a meeting by PT Asia Tani Persada and PT Daya Tani Kalbar in relation to the HCV study by Ekologika. However, the meeting was only attended by the village government, BPD, and the head of the customary council. The meeting was held in a hotel in Pontianak.</p> <p>The company/APP (DTK and ATP) held a meeting to share information with the community about their activity, but not about the company commitment to respect the right of communities to FPIC. In this meeting, they informed that the company wanted to plant acacia and will open job vacancies to the community. The community is not satisfied with the meeting because some issues are not clear.</p>	<p>Manamang Kiri A meeting with the community to present APP's commitment to respect FPIC has never been conducted. The community is totally unaware of APP's commitment to the FPIC, and only knows about this issue because WALHI East Kalimantan informed them that APP has a new policy.^x</p>

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

(Key Elements 3.1 – 3.14 and associated Indicators)

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COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	SOUTH SUMATRA	JAMBI
Responsible handling of complaints (Key Element 3.4)	<p>Riding Village When the company started land clearing, the Riding Village community informed the company that there are some village lands that are included in concession area, but they did not get a proper response from the company. People were generally unaware that the company provides a complaint system, but some had heard about this system from NGOs.</p> <p>PT. OKI Mill Some residents of Bukit Batu and Sungai Rasau village have submitted written complaint/objection in May 2014 due to the PT OKI Mill's vessel that frequently blocks the river and disturbs people who use the river as a transportation facility.</p> <p>The company has resolved this complaint 2 weeks later by rearranging their vessels' docking position.</p>	<p>Lubuk Mandarsah On March 2014, the Lubuk Mandarsah community raised a complaint related to the company's activities, including clearing natural forest after the FCP and planting trees on the Landai River banks.</p> <p>Based on this complaint, APP and TFT conducted a clarification and gave answers. However, the local people still raised objections to the answers because there were some points that are not properly verified, such as the river, which is assumed to be converted into a canal. According to the company, Landai River (which turned out to be Mangupeh River and TalangPisang River after being verified) is not a river basin and, therefore, is not classified as a conservation area. Nevertheless, this case can not be solved yet because the company can not provide strong evidence that it is a canal, not a river.^{xi} (https://tft.chainfood.com/netapp/atalasoft/default.aspx?pdfDocNo=131)</p> <p>Senyerang Some people of Senyerang, particularly those who are directly involved in the negotiation with APP, heard about APP commitment on a grievance procedure and complaint mechanism, but APP/WKS have never directly shared information on the mechanism with the community.</p> <p>The people themselves have never made a written complaint to APP after the FCP. Some complaints related to the agreement between Senyerang and APP/WKS were raised by the local people to WKS verbally. For instance, a complaint about the slow progress of road construction that connects area 4004/Canal 19 with the village/market. The company responded positively to this complaint following the increasing pressure from the local people.</p> <p>In terms of people satisfaction at the company's response to their complaints, they still consider that the company's response is highly influenced by the level of people's pressure.</p> <p>PPJ – 5 Districts Currently (Until the beginning of September 2014) the participatory land mapping is still going on to classify lands as: planted with Acacia, mixed plantation – like rubber and/or oil palm, and/or settlement.</p> <p>However, there has been very limited discussion about how to resolve the land conflicts and no agreement about what this process will be has been reached. For example, will APP be committed to practice independent mediation process or another resolution method such as taking this case to the provincial or national government. It is clear however that each claim and associated conflict will need to agree on a resolution process individually.</p> <p>In addition, there is no agreement between APP and PPJ groups on whether the community groups will decide to resolve their conflicts through using an impartial mediation process and independent mediators. It is clear that the communities need training, expert advice and better information to improve their capacity prior to coming to an agreement about how the conflicts will be resolved. It will be important for APP to help or support communities to get necessary training and expert advice.</p> <p>Mapping has been running since April 2014 and now (Until September 2014) there are still two districts to go which will need about 1-2 more months to finish the mapping. So overall, it will need about 7 months only to map and classify the area. With such a long process, the communities now are getting discouraged and motivation is waning.^{xi} As NGOs, we are afraid that this situation will make lack quality of conflict resolution.</p>

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

(Key Elements 3.1 – 3.14 and associated Indicators)

(See Attachments: 1, 4, 8, 9, 10, 11, 12, 15)

COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	RIAU	WEST KALIMANTAN	EAST KALIMANTAN
Responsible handling of complaints (Key Element 3.4 ctd)	<p>Muara Bungkal In relation to the conflict occurred in Muara Bungkal Village, the community has reported it to PT Arara Abadi management, but there is no resolution process until now. PT. AA has informed the community that, in terms of the land, it has given some compensation to one of the residents, that is Mr.Neng, but the company can not show the proof of the compensation.</p> <p>The local people complained verbally to Mr. Warno (the PR officer of PT AraraAbadi), Village Head, Head of Sungai Mandau District, and Regent of Siak. However, the company has not answered their complaint.</p> <p>Datuk Rajo Melayu The Datuk Rajo Melayu community made a complaint about their issue to the government, including the governor of Riau Province, but their grievances were largely ignored and remained unresolved. On the company side, they also did not respond the local people's complaint until APP makes the FCP commitment. After that, with Scale Up's assistance, Datuk Rajo Melayu's case has become a pilot project for resolving conflicts under the FCP. With the support of Scale Up, Datuk Rajo Melayu conveyed complaints verbally in relation the ongoing mediation process in June 2014.</p> <p>TelukMeranti On 14 May 2014, the Teluk Meranti community sent a letter to APP through Scale Up, which is directly addressed to MrsElim at APP Office in Jakarta. The mail is aimed to inform that PT AraraAbadi's activity in Teluk Meranti, Pelalawan Regency eliminates people's means of livelihood because the company's activity seized their land. Moreover, since PT AA starts the operation, the local people has not recieved any benefit from the company's activity. This mail has not been responded to or included in the grievance list on the dashboard by APP until now.^{xiii}</p> <p>Minas Barat Village: Sakai Tribe Members of Sakai tribe of Minas Barat Village, Minas District, Siak Regency, made a written complaint about their issues and sent it to APP dated 21 May 2014. It was mentioned in the mail that PT AraraAbadi has eliminated their means of livelihood. PT. AA does not admit the existence of Sakai Tribe and has seized 5,000 hectares of land that belongs to Sakai Tribe. Therefore, the local people asked PT AA to return the land. This mail has not been responded and included in the grievance list on the dashboard by APP until now.</p>	<p>Labai Hilir The Labai Hilir Village is unaware of the APP commitment on responsible complaint management system.</p> <p>Due to the ignorance, the people have never used the procedure, but 2 years ago they made an oral complaint directly to the company because of their land which is included in the concession area of Asia TaniPersada. But there has been no serious response to the grievance or focussed attention to resolve the conflict. The complaint has not been posted to the grievance list or the dashboard.^{xiv}</p> <p>NGO: RPHK Some of the NGOs which are joined in RPHK, such as Linkar Borneo, WalhiKalbar, JPIK, Titian, and WWF Kalbar, issued a release on 25 May 2013 in relation to an assumption about FCP breaching which was attempted by APP (PT Asia TaniPersada and PT DayaTaniKalbar). It was suspected that APP breach the FCP by cutting down the forest, clearing the land, and digging a canal in a peatland forest in ATP and DTK's area.</p> <p>Based on these findings, APP and TFT conduct verification, in response to RPHK's complaint. They declared that the land in DTK's area (as mentioned in the NGO's findings) is an overlapping area with a mining company and the activity in that area is conducted by the mining company. Meanwhile, the ATP's area is a land which has been opened prior to FCP (5 February 2013) and that the clearing that occurred in the area is due to the mining company's activities.</p> <p>RPHK was not satisfied with this response because they believe that it was APP (RPHK and ATP) area, it is overlapping with the mining company, and therefore become APP's responsibility to settle the dispute. Besides, the Labai Hilir Village believe that the workers were ATP workers.^{xv}</p>	<p>Menamang Kiri The Menamang Kiri community are unaware of the complaint or grievance mechanism relating to APP's field activities. In addition, the company has not provided information on the mechanism.</p> <p>Because they are unaware of the complaint mechanism, the local people and NGO have never made a complaint using the mechanism</p>

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(Key Elements 3.1 – 3.14 and associated Indicators)

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COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	SOUTH SUMATRA	JAMBI
Responsible resolution of conflicts (Key Element 3.5)	<p>Riding Village The mediation process between the the Riding Village community and PT BMH has been agreed and is on going and it is in the stage of discussing the main issues, and developing an acceptable solution for both parties.</p> <p>The mapping has been made jointly, acknowledged, and approved by Forestry Office of OganKomerlinglir. Each party was given a hard copy map as a document.</p> <p>Mediation process has been conducted since June 2013 and each party has reached an agreement on the 10,000 hectare disputed land or the object of the conflict.</p> <p>However, this mediation process has been on going for nearly 1.5 years, and just to reach the third mediation.</p> <p>In order to solve this conflict, APP held several dialogs (largely due to the NGO's initiative) to discuss the resolution strategy. But APP never provides the results of thier conflict mapping or their internal analysis or conflict description in Riding and the surrounding villages.</p> <p>OKI Mill In relation to OKI Mill, there is no arising conflict, except the Mill activity that disturbs the river traffic. This problem has been discussed and solved.</p> <p>In terms of the land that is affected by the Mill, such as the land in Bukit Batu, the company has established communication with the local people and gives compensation to them. The compensation arrangement for some other lands are still being negotiated.</p>	<p>Lubuk Mandarsah There is no clarity or agreement about the conflict resolution process or mechanism in Lubuk Mandarsah. Previously, this village is included in 5 regencies which are facilitated by TFT, but Lubuk Mandarsah refused to join because they disagree with the proposed process and mapping approach. Lubuk Mandarsah are requesting a different process from the mutually-agreed stages, but both parties have not reached an agreement on this issue until now. In addition, the Lubuk Mandarsah community refused the TFT as a liaison between them and the company because TFT is considered standing on the company's side.</p> <p>Senyerang The conflict between the Senyerang Subdistrict community and PT WKS has reached an agreement, in which the community has secured a right to manage 1,001 hectare of rubber plantation and profit sharing of 3,003 hectare of the company's acacia plantation.^{xvi}</p>

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

(Key Elements 3.1 – 3.14 and associated Indicators)

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COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	RIAU	WEST KALIMANTAN	EAST KALIMANTAN
Responsible resolution of conflicts (Key Element 3.5 ctd)	<p>Muara Bungkal On Tuesday, 29 October 2013, at 09.00 a.m. Western Indonesian Time in Muara Bungkal Village km 90, the company pulled out people's oil palm trees. They did this because the land had purportedly been sold by Mr Neng (residents of Muara Bungkal Village) and are said to be within the HTI Area. However, until now, the company can not prove that the land is sold and included in PT Arara Abadi's HTI. The company has pulled out the people's oil palm trees two times during without community consent. It was done by the security personnel of Arara Abadi in that area.</p> <p>Datuk Rajo Melayu The local people understand that one of the options for conflict resolution mechanisms with APP is via impartial mediation after being informed of this option by Scale Up and DKN. APP/PSPI never told them directly about the conflict resolution mechanism.</p> <p>Mediation between Datuk Rajo Melayu and PSPI is in progress to settle the 500 hectare land dispute. Scale Up is helping to train and supporting community to engage in mediated negotiation. Until August 2014, the mediation process has been in progress for 1.5 years and, from the people perspective, it is too long to resolve a conflict.</p>	<p>Labai Hilir The Labai Hilir Village has not received information about the conflict resolution procedure from the company, whether orally or in writing.</p> <p>The recent conflict is about PT ATP and PT DTA's promises to provide plants and a logging payment for any trees the company pulled out since 2012. Underlying these issues is the communities claim for customary land that has been used without community consent.</p> <p>The community of Labai Hilir and Sekucing Kualan villages arrested a pontoon that carried logs of PT DTK. But the people's complaint still has not been formally registered or addressed by the company.^{xvii}</p> <p>Furthermore, APP has never established a communication with the NGOs to solve the conflict in West Kalimantan.</p> <p>So far, there is no official explanation from the company in terms of the conflict because APP has never shared the result of its conflict mapping.</p>	<p>Menamang Kiri This conflict, which has occurred since 2008, is about 16,000 hectares of community lands that is included in TP SHJ concession.</p> <p>So far, there is no discussion from the company with the community or the NGOs about this conflict. It is not clear if they even know it. There is not yet any discussion of how to resolve it and results of the conflict mapping which was made by APP have not been shared.</p>

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(Key Elements 3.1 – 3.14 and associated Indicators)
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COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	SOUTH SUMATRA	JAMBI
<p>Program of Community Development and Empowerment (Key Element 3.7)</p>	<p>Riding The Riding community are unaware in detail about the people empowerment program, but they requested village infrastructure (mosques, schools, river dredging, and farming tools) several times. Some of the requests were fulfilled by the company but usually only after the people make requests over and over again.</p> <p>It seems that the company does not have a clear planning on this program.</p> <p>OKI Mill So far there is no community empowerment and development program.^{xviii}</p>	<p>Lubuk Mandarsah Community empowerment and development program in Lubuk Mandarsah Village has not worked as expected by the community and the people are unaware and have never been involved in a discussion on the empowerment program.</p> <p>They only received sport field renovation using the company's heavy equipment and books given to elementary school students. This assistance was given only once and after the people conduct a demonstration.</p> <p>PPJ – 5 districts PPJ said, their members who are now in the process to solve their conflict with WKS, have never received information about the community development program of PT. WKS</p> <p>Senyerang Community empowerment program is known by the people as a CSR program and the Senyerang community, before the FCP, got an educational aid in a forms of books for schools in that area. In contrast, after the FCP or the conflict resolution agreement has been signed, the program does not exist. The only aid was a 1.4 km road construction work from Canal 19 to Senyerang Market, which is included in the agreement coming out of the mediation process dated on 1 June 2013.</p>

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

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COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	RIAU	WEST KALIMANTAN	EAST KALIMANTAN
Program of Community Development and Empowerment (Key Element 3.7 ctd)	<p>Muara Bungkal The local people are unaware of the community development program and they have never been involved in any discussion. They got some aid on the anniversary of Indonesian Independence Day, such as:</p> <ul style="list-style-type: none"> • 6 goats (in 2013 by PT RARA ABADI) for 6 people who are divided into 2 groups. • 100 packages of nine basic commodities to the flood victims in 2012 and 2013. • Financial aid for Ramadan month activities in 2014. <p>Datuk Rajo Melayu The people understand that the company has a community empowerment program, but it seems that the company is unwilling to maximize the program. It can be seen from the lack of monitoring system on the program's output.</p> <p>The local people and the NGO have been involved to discuss the empowerment program, but there is no certainty whether the discussion results will be implemented by the company or not because there is no accountability system or direct access from the community or NGO to find out how the program works.</p>	<p>Labai Hilir The NGO that assist the community, such as Linkar Borneo, is never invited to discuss or to share their opinion about the community empowerment and development program.</p>	<p>Menamang Kiri The communities of this region are unaware of the community development program which is provided by APP supplier company. Moreover, they have never received any aid from the company. The NGOs working with the community have never been invited to discuss the community development program..</p>

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

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COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	SOUTH SUMATRA	JAMBI
Respecting Human Rights (Key Element 3.8)	<p>Riding Specifically APP activities in Riding Village which are in violation of Human Rights principles and norms occurred at the early stage of the company's operation in 2004, in which the activities lead to the destruction and dislocation of communities from their fishing ground and sonor farming areas.^{xix}</p> <p>OKI Mill So far, there is no company information on company activities which would be considered in violation of the Human Rights, except several of the company's actions which are carelessly neglecting the FPIC with the local community.^{xx}</p>	<p>Lubuk Mandarsah Historic violations of FPIC and seizing community lands, criminalization and displacing community members and damaging community property.</p> <p>Specifically WKS/APP conducts some activities which are in violation of the principles of Human Rights, such as:</p> <ol style="list-style-type: none"> 1. Seizing and displacing community members from 3,000 hectare of thier farming land and properties in 2006 to 2007. 2. On 28 December 2007, the Lubuk Mandarsah community held a demonstration that resulted in the burning of 12 heavy equipments and 1 car of PT WKS in order to reclaim the displaced people's land. Instead of having the land returned to them, nine community members (Tateng, Rohmadon, Iwan, Dedy, Abdul Rojak, Yusep, Thamrin, Atang, and Cecep) were arrested and sued for 15 months in prison by District Court of Tebo. 3. Damaging traditional history heritage site of Lubuk Madrasa in Bukit Rinting in 2007. 4. Chopping down sialang and durian trees in Lubuk Madarsah Village in 2007. 5. Blocking/damming Talang Pisang River in LubuhMadarsah Village in 2008 and damming/narrowing Mengupeh River in 2013. 6. On 5 March 2014 at 10.30 pm Western Indonesian Time, one of the community's house was burnt. It belongs to Martamis (native of PelayangTebat Sub-village, Lubuk Mandarsah). At that time, some people saw a black Rocky car which was assumed belongs to PT KaryaAgung, sub-contractor of PT WKS.^{xxi} 7. Arresting a farmer, Karyono Sitio, on March 2013 who was accused of building a house and to farm in the WKS concession area. <p>Senyerang Historic violations of FPIC and seizing community lands, displacing community members.</p> <p>Prior to FCP, WKS breached the Human Rights by eliminating Senyerang cultural area and causing the death of Ahmad Adam in 2010 who was shot by the police when the Senyerang community staged a protest against the company activities which do not respect the people's rights. The Senyerang Subdistrict community were subjected to frequent intimidations by police officers and the company's security apparatus.</p>

1 FINDINGS AND EXPERIENCE RELATED TO APP'S PERFORMANCE IN IMPLEMENTING ITS COMMITMENTS ON SOCIAL ISSUES AND COMMUNITY ENGAGEMENT

(Key Elements 3.1 – 3.14 and associated Indicators)
(See Attachments: 1, 4, 8, 9, 10, 11, 12, 15)

COMMITMENT / KEY PERFORMANCE ELEMENT

FINDINGS

	RIAU	WEST KALIMANTAN	EAST KALIMANTAN
Respecting Human Rights (Key Element 3.8 ctd)	<p>Muara Bungkal Historic violations of FPIC and seizing community lands and damaging community property.</p> <p>Specifically the company's activities that seize lands owned by the Muara Bungkal Village community and destroy their oil palm trees on the Village land are breaching thier Human Rights.</p> <p>Datuk Rajo Melayu Historic violations of FPIC and seizing community lands and displacing community members.</p>	<p>Labai Hilir Violations of FPIC and seizing community lands.</p> <p>Specifically PT. ATP and PT DTA break their promise to provide clean water to the community. Instead, they give a water tank which is made of plastic.</p>	<p>Menamang Kiri Violations of FPIC and seizing community lands and criminalization of community members.</p> <p>Specifically in 2005, PT SHJ mobilized fully-armed soldiers to dismiss people's non-violent demonstration in PT SHJ office and conducted repressive action by intimidating and using violence to nine residents of Menamang Kiri Village and Menamang Kanan Village.</p>

2 ANALYSIS AND CONCLUSIONS RELATING TO APP'S PERFORMANCE ON KEY ELEMENTS AND INDICATORS OF "COMMITMENT 3" AND ASSOCIATED KEY ELEMENTS AND INDICATORS

(Key Elements 3.1 - 3.14)

2.1 Informing and seeking and incorporating input and feedback from communities and other stakeholders about the FCP and company operations

(Key Element 3.2)

With the exception of two members of Senyerang Village, in all the villages in the five provinces that were surveyed, no community members were invited to attend or attended Focus Group Discussions (FGDs) or information meetings about APP's Forest Conservation Policy. No community members we interviewed were aware of APP's commitment to seek and incorporate input relating to resolving conflicts and company operations. Hence no input from any of the communities we surveyed was provided or incorporated. As far as we know, no community input to the FCP was sought via other channels. Several communities did learn about the FCP from NGOs that attended provincial or national FGDs on the FCP or via meetings with company representatives on other topics. When issues or complaints were voiced in meetings on other topics (e.g. specific grievances related to land or propose conflict resolution approaches) there often was no follow up by APP and community members were left unsatisfied.^{xxii}

2.2 Information is provided on APP's commitment to and the nature of Free, Prior and Informed Consent (FPIC) and sufficient information is provided on the nature and potential impacts of APP activities and evidence of consent or no evidence of a failure to obtain consent is present

(Key Element 3.3 & 13.1)

In all of the villages interviewed in the five provinces where APP and supplier operations have already commenced (i.e. with the exception of villages affected by the OKI Mill) communities were unaware of APP's FPIC commitment. They reported that APP and suppliers had not obtained their consent prior to the commencement of operations and that those company operations have led to the conflicts that persist today.

With the eight villages interviewed that will be impacted by the development of the OKI Mill, APP has engaged in dialogs with community government and some community members. However, these dialogs have not conformed to APP's protocol/Standard Operating Procedure (SOP) on FPIC. APP contends that only two of these eight villages have land rights entitling them to FPIC, which we question, given that APP's FPIC commitment includes "local communities."

Even in the two villages our interviews suggest that APP failed to explain in detail or provide in writing the principles of FPIC or to clearly inform community members that they had the right to appoint their own constituent representatives and to withhold their consent to the company's development proposals that will affect them.^{xxiii} APP did not involve some of the potentially affected communities in its social and environmental impact assessments, and did not provide any with copies of its environmental impact assessment (AMDAL) when it was completed. APP failed to ensure that communities had access to expert advice to help them review and consider the impacts of APP's development plans, and to consider any offers by APP to compensate the communities. The meetings with community leaders held to discuss the project – what APP is calling the FPIC process – took place after the company had already secured the permits for building the mill. In fact, during the several months of meetings that constituted the FPIC process, construction activities were already taking place. In one case, a naval officer attended a meeting, which was considered intimidating by some of the community members. With the exception of community government representatives in Bukit Batu, villagers from the other seven communities interviewed were not satisfied with the process. Our surveys found that no written document or consent agreements were obtained or signed as part of the process.^{xxiv} Our conclusion is that at least in the village hamlet of Sungai Rasau, APP has failed to obtain the free, prior and informed consent of communities who will be affected by the mill and associated infrastructure.

In a new HTI being developed by PT. BMH in South Sumatra, which is described on APP's dashboard as a pilot area for APP's efforts to respect for FPIC, WBH, who is a member of Solutions Working Group/ SWG and a prominent NGO in South Sumatra, has never been informed about the development of this new plantation or consulted about the FPIC process. This means that there has been no independent monitoring of the process or any effort by APP to take advantage of the expertise and information that WBH can offer to the five affected communities or to APP. WBH's initial research suggests that the community is unaware of APP's commitment to respect their right to give or withhold their FPIC, and that APP has not provided any FPIC training for communities in the first stage of its community engagement.^{xxv}

2.3 Complaints and grievances are handled responsibly

(Key Element 3.4)

The handling of complaints and grievance from stakeholders, including those of local communities submitted via APP's grievance mechanism, has failed to conform to APPs SOP or international best practice. APP has failed to respond to or to verify and address a number of grievances and has even failed to meet promises it has made in response to specific grievances it has acknowledged. There is a pattern of not responding or addressing conflicts and grievances across several provinces and areas with conflict. This is a clear indication that APP is not sufficiently serious about implementing its social commitments and raises questions about how it will scale up efforts to resolve the numerous conflicts found throughout its concessions.^{xxvi}

In the cases of villages that are included in our research, we have found that:

- Communities are not aware of the grievance protocol until NGOs informed them.
- The communities of Sungai Rasau and Bukit Batu made their grievances known to APP on May 2014 about the PT OKI Mill's material carrier vessel that frequently blocks the river and disturbs people who use the river as a transportation facility. This complaint has been resolved by the company some weeks later after being reminded by WBH, by rearranging their vessels' docking position.
- WBH has made a grievance on April 2014 in relation to the process of PT. OKI Mill development, FPIC matters and AMDAL, which were not transparent, and not practiced properly. APP responded to this grievance by inviting WBH to a meeting at APP Office in Jakarta on May 2014. However, the agreement at the meeting that WBH would be allowed to attend as an observer at selected FPIC meetings with communities in the field did not happen. WBH and APP discussed the content of FPIC training at a workshop conducted by WBH in Palembang, one week after meeting in Jakarta. WBH also welcomed TFT to attend a meeting related to FPIC with communities in Bukit Batu in June 2014, but TFT didn't come.
- Village of Teluk Meranti – District of Pelalawan and village of Minas Barat – Sakai Tribe, District of Siak – Riau Province, who are both in land conflicts with PT. Arara Abadi, wrote to APP about the conflict (May 14, 2014, Teluk Meranti) and (May 21st, 2014, Minas Barat). Those letters were given directly to APP by Scale Up, but as of the end of August 2014 APP has yet to respond to the letters and the complaints have not even been listed on dashboard as grievances. (see attachments 9&10)^{xxviii}
- The community of Lubuk Mandarsah made a complaint in relation to WKS activities in March 2014. APP responded to this complaint, but the communities were not satisfied with the response because an issue related to riparian zone was not addressed. So, the community wrote back to APP to raise their objections. Until now, there has been no further action or response from APP about this issue. (see attachment 12)^{xxviii}
- RPHK – West Kalimantan also made complaint in March 2013 about their finding on potential violation of moratorium commitment of APP, in which RPHK found evidence that Asia Tani Perada continued to clear peat forest. APP, along with TFT, responded to this finding and said that based on their verification in the field, the company that cut the forest was not ATP/ APP, but a mining company. RPHK has communicated that it is not satisfied with the evidence that APP provided or the outcome, and to date the case still remains unclear. (see: eyes on the forest site)

Overall, APP has followed their grievance protocol partially, with several issues remaining unaddressed and unresolved. In several cases, APP has failed to respond to community letters, despite making a cursory response to Scale Up's e-mail containing the community letters. In WBH's case, APP did not fulfill its commitment to invite WBH to observe their FPIC process.^{xxix}

2.4 Responsible resolution of conflicts

(Key Element 3.5)

Several lessons and some disturbing trends emerge from the findings of our community interviews and research:

- Even in pilot areas where a process for resolution has been agreed, there is some dissatisfaction. Communities are frustrated with slow progress and that the conflicts are not yet resolved. This poses a significant concern for scaling up conflict resolution
- In non pilot areas, many conflicts are not acknowledged or recognized, conflict resolution processes have not been agreed and conflicts are not resolved. APP is failing to meet the intent and letter of its own commitment to resolve social conflicts and has often demonstrated a lack of good faith and openness. It has failed to hear and engage communities or other stakeholders or to post complaints using its grievance procedures
- APP has failed to share its data on and analysis of conflicts with communities and interested stakeholders and, despite repeated requests, has not share the results of its conflict mapping^{xxx}
- Independently mediated negotiations are proving to be an effective approach for resolving conflicts and securing durable, equitable and effective agreements
- There is an urgent need for community training and access to information and expert advice in order to achieve durable, equitable and effective agreements and resolutions to conflicts
- Conflict identification and resolution process benefits from NGO support for communities and sometimes is dependent upon NGOs to keep process moving
- Conflict is most often an outcome of seizure of community claimed land, community displacement and destruction of community property without consent or compensation (human rights violations)
- Even where agreements have been reached, there is ongoing dissatisfaction with agreements where some community members feel that they have been forced to accept a framework for negotiations that does not respect their customary rights in land – e.g. Senyerang

2.5 Program of community development and empowerment

(Key Element 3.7)

The NGOs signed onto this submissions and the communities we have been working with have never had strategic discussions about or been adequately briefed by APP about its community development and CSR program. In Labai Hilir and Manamang Kiri, community members didn't even know that APP had such a program. However, some villages like Senyerang, Riding and Muara Bungkal have been provided with books and classrooms, goats and fertilizers.

In its current configuration, APP's "community development and empowerment program" is not helping to empower communities. It is a "CSR" program built on a charity model that the company appears to be using instead of responding directly to complaints and to engender a sense of obligation to the company and its interests. It is not built on facilitating community dialog or encouraging community leadership and self-reliance, nor is it addressing community needs identified in such processes. We believe it is paternalistic and being used as a tool to maintain company control and to manage rather than resolve conflicts.

2.6 Respecting Human Rights

(Key Element 3.8)

Human right violations, such as land seizures, destruction of property, displacing community members, sending military/police to communities, and criminalization and imprisonment of communities were common practice by APP and its subsidiaries prior to the FCP. However, in a more general sense, human rights violations continue by APP in regard to all the communities whose lands have been taken over by APP over the last two decades, but who are yet to have their rights recognized and their properties and livelihoods restituted or compensated. Despite the commitments in APP's policies and SOP's, its efforts to address outstanding conflicts with communities remains unsatisfactory.

Improving APP's Implementation of its Social and Community Engagement Commitments; A Way Forward via the "Social Issues Working Group"?

To date, APP's performance in implementing its commitments to resolve conflicts, practice FPIC and respect rights has, with the exception of the main pilot areas (Senyerang, Riding and Datuk Rajo Malayu) where despite some disappointments notable progress has been made, been a disappointment. We are hopeful that the findings of our research and analysis will serve as a wake up call for the company. One specific disappointment has been APP's failure to share results or development of conflict mapping and collaboratively develop strategy how to prioritize and scale up conflict resolution. This has prevented CSOs from being able to coordinate with APP and communities and plan for and play a constructive role in sharing information and conducting organizing and training through developing and implementing a coordinated approach. Establishing a "Social Issues Working Group" with APP and interested stakeholders can be one effective mechanism for doing this. The concept for establishing such a group was agreed by the "Solutions Working Group" (see section 3.3 below) earlier in the year. A preliminary Social Issues Working Group meeting was held in April 2014 to share information and discuss the mandate for and composition of the group. The results were encouraging. Unfortunately the process has stalled. An agreement to hold a second meeting has been stymied with a second meeting scheduled on three different occasions only to be postponed on each occasion. We are keen on getting this process moving and to ensure that the groups operation is not overly restrictive thereby resulting in an inability to share information and consult with specific communities in question or others that have relevant expertise.

Finally, the Social Issues Working group would only be one tool in what must be a much broader menu of tools and strategies that will be required for the successful implementation of what may be the most challenging and long term commitment APP has undertaken; Social and Community Engagement and respecting community rights. Meeting this commitment will not only require a host of changes to specific operations and practices such as HCV, HCS and day to day forest management and decision making so that respect for rights is "baked into" APP's business model, but a fundamental shift to the company's mindset and culture.

3 APP'S PERFORMANCE ON ADDITIONAL KEY ELEMENTS AND INDICATORS AND OTHER QUESTIONS AND ISSUES RELATED TO IMPLEMENTING APP'S COMMITMENTS

Though the main focus of our submission is APP's performance relating to its commitments on "Social and Community Engagement," given our work with communities affected by APP and affiliates' operations, our research and experience as sustainable development and conservation practitioners, policy researchers and advocates and our direct engagement with APP, we have substantive experience and input relating to APP's performance on implementing several of the company's other commitments and the key elements and indicators associated with them. In addition, we have set out some more general analysis and conclusions relating to several cross cutting issues – such as stakeholder engagement, information sharing and transparency – as well as additional questions raised by Rainforest Alliance, the Environmental Paper Network and others that may not be fully addressed by the Key Elements and Indicators developed by RA.

3.1 HCV & HCS

(Key Elements 1.5, 1.6, 1.7, 1.16)

Consultation with stakeholders regarding HCV reports has been inconsistent and flawed: The protocol/SOPs for HCV assessment set out in APP's FCP Dashboard and in the HCV Resource Network Charter and HCV Indonesia Toolkit have in some cases not been followed. For example, the national consultation on the final draft HCV reports prepared by APCS did not provide final maps for several of the areas assessed and did not contain complete information or recommendations on peatlands or comprehensive recommendations for maintaining and enhancing HCVs. In addition, at the national consultation, there was inadequate time for stakeholders to discuss and provide comprehensive suggestions on possible improvements on the HCV reports presented. WWF and others maintained that because several of the reports were not complete and because time was limited and materials were not shared prior to the consultation, that a second national consultation should be held, but this never happened. Requests to make the full HCV reports available to all interested stakeholders were also denied.

After this national consultation, APP committed to provide the reports within six weeks to a limited number of stakeholders so that they could provide input, however, it took about four months for the first three APCS draft HCV reports to be shared with this select group of stakeholders and, when they were shared, these stakeholders were told that the reports were final and could not be changed. After reviewing these, RAN provided written comments (see attachment 7) but received no written response explaining which comments would be incorporated or to explain why comments would not be incorporated. APP recently shared the remaining 8 HCV reports developed by APCS with this select group of stakeholders but the reports were shared as final reports without the opportunity for comments or suggestions to be incorporated into the HCV findings or management recommendations. Further, RAN and other international NGOs (e.g. FPP and Wetlands International) have not been invited to national consultations relating to the HCV reports being developed by Ecologica or received any Ecologica's draft reports for review.

Based on anecdotal evidence and discussions with colleagues at the district and provincial level, we believe our experience with the HCV consultation on the APCS reports at the national level is also occurring at the provincial level and demonstrates a systemic pattern of failures to implement the company's HCV protocols and requirements of the HCVRN and HCV Indonesia Toolkit relating to stakeholder consultation on HCV reports. We are concerned that these procedural flaws may have contributed to weaknesses or inaccuracies in the HCV assessment findings and reports particularly relating to HCV 5&6, and possibly extending to HCVs 1-4.

Further, NGOs that participated in FCP FGDs and HCV provincial consultations and that have been working with several villages where HCV and HCS assessments have occurred - some of which have become areas for piloting conflict resolution - and that have actively given inputs and comments on the FCP and HCV findings, have been frustrated. Most of these NGOs have not had access to the results of HCV studies, and also don't know whether their comments and inputs were incorporated in the HCV reports. There was very limited time to fully discuss findings and the comments from participants that were given at the meetings were just noted down by assessors. There were no follow up meetings with NGOs/individuals who gave comments or indications of how they would be used. For example when WBH made strong comments on matters relating to peat soils in OKI, it was unclear what happened with these concerns. Consultations didn't result in agreements so the outcomes remain unclear.

The process of consulting and collecting data for HCV 5 & 6 in draft HCV reports has been flawed: We've received feedback from community members in West Kalimantan, South Sumatra and Jambi that communities do not know what a High Conservation Value assessment is and do not understand what it is used for and how it may be relevant to their interests and decisions affecting their lives. When informed by NGOs about the HCV surveys, some community leaders responded that they did not know that HCV assessments had been conducted on their lands. One outcome of this is that data gathered through interviews and consultations is limited. Another is that where communities are consulted but without sufficient explanation, there may be low motivation to participate in the interviews and consultations.

The content of HCV studies relating to HCV 5 & 6 fail to adequately capture livelihood and cultural values associated with the areas being assessed: The HCV assessments did not survey areas important to community livelihoods and identity that existed before the areas were converted to Acacia or Eucalyptus plantations. Even when collected, land use and claims information and zoning proposals resulting from the HCV and HCS assessments have not been integrated into conflict resolution negotiations although these have implications for which lands could actually be used both by the farmers and by the company.

For APP's concessions in Sumatra, areas identified as HCV 5 & 6 cover less than three and half thousand hectares, whereas the claims by communities to lands lost to APP in Jambi alone cover about ten times this area, suggesting that the assessments have not picked up significant areas of HCV 5 and 6. This is partly due to these two values often being recorded as dots on maps rather than defined areas derived from mapping of community land uses and claims. This demonstrates that the assessments for these values often do not provide a sufficient basis for developing management recommendations or defining the object of negotiations with affected communities.

The use and sequence of HCV assessments risks resulting in management recommendations and plans that fail to maintain or enhance HCV's 5&6: The shortcomings in the process of assessing HCV 5&6 and in the findings of the HCV reports relating to HCV 5&6 suggest that the management recommendations for maintaining and enhancing these values also fall short. The HCV reports that some of us have reviewed fail to comprehensively document and map areas historically valuable to communities for their subsistence/livelihoods and culture. They also fail to adequately document land use and claims or conflicts and to develop agreed maps of areas claimed by communities or community subgroups (e.g. HCV report on WKS operation in Tebo District, Jambi). The management recommendations do not adequately capture or serve to maintain and enhance these values. In fact, some of the management recommendations associated with the HCV summaries developed by APCS do not have any recommendations relating to HCV 5&6.

This gives rise to an additional area of concern. The findings and management recommendations contained in the HCV reports are projected to be one of the most important inputs for the development of the Integrated Sustainable Forest Management Plans (ISFMPs) that will be developed for each concession area (FMU) and surrounding region. If key values are not being captured and the management recommendations fail to provide direction on how these values can be maintained and enhanced, then the ISFMPs will not adequately reflect social management objectives or address social issues or problems. In addition, both with the development of the HCV reports and the anticipated development of ISFMPs, there is a problem that the sequence and quality of information being collected and used may undermine the goals and outcomes of the process. For example, the failure of the HCV reports to include the analysis and recommendations of the peatlands expert working group or to include robust community land use and claims maps PRIOR to the HCV reports being completed and PRIOR to these being used as inputs for the development of ISFMPs suggests that the ISFMPs will have significant shortcomings and will require major changes to be effective.

Stakeholders have not been provided with appropriate opportunities for input in HCS process: Stakeholders have been given a schedule of HCS reports and updates on the implementation of that schedule. Stakeholders have not had a structured opportunity to provide input on the HCS process. In comparison, in concurrent dialogs taking place about the HCS approach between Greenpeace, GAR and other stakeholders in the oil palm sector, there is agreement that the HCS methodology shall include mapping of land use and land claims by local communities. Because there has been no formal consultation about the HCS methodology or the HCS implementation plan between APP and stakeholders, it is unclear whether APP intends to adopt this approach.^{xxxii}

HCS reports have not been shared with stakeholders and there are outstanding concerns that HCS reports will fail to consider key community land uses, claims and other social issues: Despite APP's assertion that HCS reports, or some portion of them, would be ready in June 2014, to date, none of the signatories to this submission have been invited to consultations on HCS reports and no HCS reports have been shared. Given the fact that APP has begun the process of developing the pilot ISFMPs for Jambi province and that data and recommendations from the HCS reports are an integral element of these plans, it is a concern that stakeholders and rights holders have not been consulted and that draft HCS reports have not been shared. As indicated above, it is imperative that the HCS findings include maps of community land use and claims.

3.2 Integrated Sustainable Forest Management Plans

(Key Elements 12.1, 12.2, 12.3, 12.4, 12.5, 12.6, 12.7 as well as other statements on the Dashboard and in public)

On the first anniversary of APP's February 2013 announcement of its Forest Conservation Policy (FCP) and on the company's "dashboard," APP outlined how it would be using the results of data gathering and assessment efforts – including HCV, HCS, Social Conflict Mapping, peatland experts group among others – to develop Integrated Sustainable Forest Management Plans (ISFMPs) for specific concession areas (Forest Management Units FMUs) and, as appropriate (e.g. where the company controlled a number of FMUs in close proximity) for larger ecological regions in consultation with stakeholders and experts. As part of its commitment to restore one million hectares of forest in high priority ecosystems announced in April 2014, APP suggested that ISFMPs would also include landscape analysis and management recommendations required for its ambitious restoration program.

In this way, ISFMPs are the fundamental mechanism for implementing APP's social and environmental commitments. In addition, at least for the HCV assessments done by APCS, the process of developing detailed management recommendations for how to maintain and enhance the HCVs identified has been delegated to the ISFMP process. Hence, the development and implementation of the ISFMPs and the assessment of this process and of the impacts of carrying out the plans are perhaps the most fundamental and important indicator for whether APP is in fact meeting its commitments and whether its actions are achieving the environmental and social changes and improvements on the ground. Given the central role of ISFMPs and their implementation in meeting APP's policies and commitments, it is premature to fully assess or draw conclusions about the company's performance before ISFMPs have been developed and implemented and before social and environmental improvements arising from implementation are demonstrated on the ground.

APP has chosen the Sumatran province of Jambi to pilot its ISFMP approach. Several of our organizations have been engaging APP on the ISFMP approach and providing input on the methodology as well as providing suggestions about key stakeholders to be engaged and the process of developing the Jambi pilot. Preliminary suggestions for improving the approach were submitted in writing in April 2014. A written response from APP about the suggestions has not yet been received and it is unclear which suggestions have been incorporated and which have not and for what reasons. (See attachment 3)

APP has developed and publicly communicated an outline for its ISFMP approach and its intention to pilot the approach in Jambi. However, at this time it is impossible to evaluate the extent to which APP is following its approach, the quality of the plans and their implementation deriving from this approach, or the success and impacts of implementing these plans because, even in the pilot province of Jambi, no plans have been developed and no implementation has occurred. Our conclusion is that until ISFMPs have been developed and implemented in Jambi and several other FMUs, it is too soon to tell the extent to which APP is meeting its social and environmental commitments and whether the social and environmental improvements that it has promised have been demonstrated. Ongoing independent monitoring and continued independent verification of APP's performance will be required to assess whether APP is implementing its commitments and whether their implementation is resulting unintended improvements on the ground.

Taking into consideration the preliminary stage of development and implementation of the ISFMPs, we have the following comments:

- Opportunities for stakeholder input into the design of the ISFMP approach have been very limited and where input has been provided, it is unclear whether suggestions are being adopted and if not why not.
- To date, a collaborative approach to identifying and selecting competent social and conservation experts to be involved in developing ISFMPs and a new model for landscape conservation incorporating FPIC has not taken place.
- The findings and recommendations of the HCS, Conflict Mapping and Peat Experts Group have not been shared with or incorporated input from stakeholders.
- In some cases it is unclear whether ISFMPs will be developed prior to results of HCS, more detailed analysis of specific conflicts and Peatland Working group being available.
- It is unclear how landscape analysis needed to develop ISFMPs will be obtained and if and if so how stakeholders will be involved in developing and reviewing this data.
- Concerns persist about the content and quality of the findings and recommendations of the HCV, HCS, Conflict Mapping and Peat Experts Group and that ISFMPs based on these will not result in robust management plans that, when implemented, will achieve the social, conservation and restoration outcomes required to address APP's legacy of negative impacts or prevent future ones.
- Outreach to, involvement of and information sharing with rightsholders and stakeholders in the Jambi pilot has been insufficient.

3.3 Stakeholder Engagement, Information Sharing and Transparency

(applies to most APP commitments and RA key elements as well as more specifically to key elements 9.1, 9.2, 9.3)

Engaging and consulting rightsholders and stakeholders, sharing information and being transparent are cross cutting issues critical to the successful implementation of all of APP's commitments. Our submission addresses specific strengths and shortcomings regarding these issues as they relate to specific key elements of APP's commitments and associated indicators in the previous sections. However, in view of the fundamental importance of effective engagement, information sharing and transparency to the successful implementation of APP's commitments, in this section we build on the text in previous sections by providing some additional examples, general observations and conclusions about APP's performance in these areas.

To date, APP has failed to meet or fallen short on its commitments relating to information sharing, transparency and stakeholder engagement in several areas

For many of the key elements and associated performance indicators, a requirement for satisfactory consultation and engagement with stakeholders is that "most interested stakeholders are satisfied with opportunities for input and feedback." However, in several core areas, from social conflict mapping to HCS to the development of ISFMPs, APP has both failed to adequately include or involve rightsholders and key stakeholders in processes and they have failed to get input and adopt it or explain why it was rejected in ways that meets the satisfaction of most interested stakeholders. There is a sense that consultation happens at the convenience of the company or when sufficient pressure is applied rather than because APP seeks out and values rightsholder and stakeholder input. Further, in some cases no transparency or access to information has been provided to interested rightsholders and stakeholders at all even when requested. This belies APP's commitment to "complete transparency." There is an urgent need to change this culture in the company.

Below we list some of the instances where these failures in engagement, information sharing and transparency have occurred:

- Failure to involve stakeholders in conflict mapping processes or to share conflict-maps or conflict mapping results
- Failure to involve stakeholders in the development and implementation of a conflict resolution strategy using conflict maps and that includes scaling up and prioritizing the resolution of conflicts across the company's land bank
- Failure to develop and share maps of forest cover, cleared areas, planted areas
- Failure to share info or involve stakeholders in other FPIC areas besides OKI but listed on dashboard and consult key stakeholders in FPIC pilots
- Failure to share OKI Mill AMDAL with communities or NGOs without draconian NDAs (see attachments 2&13)
- Failure to consult on or respond in a timely fashion to emerging and new conflicts and complaints
- Failure to invite interested rightsholders and stakeholders to participate in key processes – peatlands group, ISFMP design and pilot, conflict mapping, FPIC processes, HCS assessments– and in some cases to share information about these (e.g. peat, conflict mapping, HCS)
- Failure to share information about areas for planned expansion/acquisition or new potential suppliers
- Lack of transparency about fiber supply analysis, fiber costs and growth and yield studies

The Solutions Working Group and other stakeholder engagement mechanisms developed by APP: In conjunction with APP's announcement of its Forest Conservation Policy (FCP) in February 2013, the company established several mechanisms for sharing information and engaging with rightsholders and stakeholders. It conducted "Focus Group Discussions" to "socialize" or brief stakeholders about the policy. It established a grievance mechanism where complaints or problems with the implementation of its policy could be submitted. It established a password protected online "dashboard" for posting information about the new policy and related to its implementation and it invited stakeholders to become "independent observers" of how the company was implementing the policy with the condition that they would not share some aspects of what they learned publicly. In addition the company became more open to dialog with stakeholders on an ad-hoc basis.

For many rights holders and stakeholders, these engagement and information sharing mechanisms are less than satisfactory. Communication feels one sided and non-responsive to concerns raised, with APP sharing what it wants to impart but failing to answer questions about perceived gaps in its commitments (for example on the use of mixed tropical hardwood, recently cleared peatlands and which suppliers were covered under the policy), proactively involve stakeholders in key processes and decisions and to provide information on vital issues (such as forest cover and concession maps, conflict mapping, etc.). And, when grievances – such as violations of the moratorium on cutting natural forests or the emergence of new conflicts – are conveyed, APP and its consultants have taken action that left many stakeholders with the impression that even though the company admits that a violation of its policy has occurred, the way that it deals with the issue is to down play it or deny responsibility and declare that it will not happen again. (e.g. Riau and Kaltim cases) There has also been frustration that independent observers were mis-directed and “gagged,” in some cases unable to report on what they had observed on monitoring visits or denied access to areas they wanted to inspect.

In September 2013, concurrent with the publication of the Environmental Paper Network’s publication of “The First Test: Performance Milestones to assess the implementation of commitments made under Asia Pulp and Paper’s “Sustainability Roadmap Vision 2020 and Forest Conservation Policy” an additional stakeholder engagement and information sharing mechanism was established called the “Solutions Working Group.” The Solutions Working Group (SWG) brings together APP and its consultants with civil society groups working to conserve Indonesia’s forests and wildlife and secure community rights in an informal, non-legally binding forum. The SWG is intended to serve as a venue for addressing concerns on both sides and provide a mechanism for effective communication in relation to APP’s Sustainability Roadmap, Forest Conservation Policy (FCP) and the performance targets and milestones developed by the Environmental Paper Network (EPN).

The “Terms of Engagement” governing the SWG place limits on what can be shared with parties outside the group and on who can become members, thus limiting transparency. However, it has also allowed the members to be more candid allowing for less guarded discussion on problems and more open exploration of possible solutions to specific problems and issues raised. This has led to the development of agreements between the members on at least two outstanding issues – independent verification of APP’s progress on implementing its commitments (the RA Evaluation) and whether and how its commitments would apply to new land acquisitions and suppliers (the Policy of Association). Discussions in the group also helped set the stage for APP’s restoration commitment. The SWG is also proving to be useful for identifying issues where establishing sub-groups that can focus and drill down on an issue in a deeper and more substantive way and bring in additional people or organizations with specific expertise. For example, it has led to an agreement to establish sub-groups on restoration and social issues.

At the same time, the SWG is not without its challenges. From the outside, the group can have the appearance of a club where backroom agreements are concocted without adequate consultation or transparency. This sometimes leads to criticism and suspicion for its CSO members from their colleagues. Within the group, there is ongoing pressure to refrain raising problems and issues concerning APP’s negative performance or to criticize of the company in any way publicly. And, several requests for vital documents and other information – e.g. relating to wood supply, peatlands, conflict mapping, etc. – have, to date, been denied. When issues are raised and recommendations offered, it is unclear what happens to that input and how or whether it is used. This contributes to a continued perception on the part of some CSO members that, as with APP’s other stakeholder engagement mechanisms described above, the company’s information sharing is one sided and non-responsive. From a procedural perspective APP or its proxies chair the group which sometimes results in unilateral decisions about outsiders that may attend meetings and scheduling. At times CSO SWG members are left questioning whether the SWG is being used by APP as a tool to manage criticism and control and feed the narrative about the FCP and its implementation with customers and others. (see attachments 5,6,13,14)

3.4 Additional Issues and Questions Related to APP's Performance on Implementing Its Social and Environmental Commitments

Wood supply and demand and transparency: We remain concerned about the added pressure for land acquisition and fiber that the addition of a two million ton per year pulp mill will create and the impacts it could have on community livelihoods, food security, biodiversity and climate. Despite assurances of sufficient fiber supply, the information on this issue that we have been able to obtain is limited to a one page summary letter from Ata Marie dated January 2013. The lack of transparency related to wood supply and demand and wood cost is deeply troubling.

We are concerned that the Ata Marie Growth & Yield study - and any additional analysis that TFT may be developing - may be using flawed or unproven assumptions and fail to consider several other significant risk factors and the results of HCV, HCS, Peatland and Conflict studies that have yet to be completed. Given these considerations, we fail to understand how APP and TFT can be so confident in stating that the company has sufficient fiber supply for its operations and the development of the OKI mill.

There are a number of key questions that we believe must be included in fiber supply analysis and any Growth & Yield studies as well as by Rainforest Alliance for its independent evaluation of fiber supply. These include: will APP have sufficient fiber after incorporating the results from the HCV, HCS, Peatland studies and conflict mapping and resolution process? How have or how will these factors be included in the assessment? For example, what will be the fiber supply implications of returning use rights back to local communities to resolve disputes, of expanding the protected/conservation areas resulting from HCV and HCS studies, and of adopting measures needed to protect and manage peatlands? How will the impacts of subsidence and salinization in peatland areas affect fiber supply growth models?

Are the optimistic wood supply estimates using valid assumptions? Has the model and its underlying assumptions adequately accounted for regional variations? And have the risk factors and questions described above been factored into growth and yield models and fiber supply analysis, and if so how given that the studies are not completed? These are all issues of concern. In addition, there is a lack of transparency on the scope of the fiber analysis - for example have wood supply requirements for all of APP and affiliates' mills including in China been calculated? Aside from a one page summary from January 2013, stakeholders have little to go aside from quotes in media stories about a recent study, but the study itself is nowhere to be found. And finally, APP provides rights holders and stakeholders with no information about wood supply cost. This is vital information for communities that are looking to negotiate fair benefits sharing agreements with companies operating on their land.

Continued monitoring and independent verification of performance is a must (ongoing transparency and accountability): Our research demonstrates that APP is still in the early stages of implementing its social and environmental commitments. Because there are so many areas - e.g. HCS, ISFMPs, FPIC, resolving community conflicts, stakeholder engagement, wood supply and transparency - where implementation has yet to begin or where it is still too early to evaluate the company's performance beyond assessing whether the company has procedures in place or is doing the training and laying the foundation for implementation at a later stage, it is vital that ongoing monitoring and independent verification of APP's performance continue. This may require adding to and revising performance elements and indicators as well as developing new approaches for monitoring and reporting on performance. It most certainly will require improvement in how the company shares information with and engages stakeholders. In our view, APP must move from a culture of developing approaches or initiatives on its own and then informing stakeholders about these which is largely what is happening now, to one where information is shared and relevant rights holders and stakeholders are invited to collaborate in developing approaches and initiatives and in implementing those. It must do this in a way that the majority of the parties are satisfied with the results and can trust those results because they are monitored and verified independently.

LIST OF ATTACHMENTS

(note – all attachments are confidential and may not be quoted or shared without permission):

1. **Linkar Borneo Diskusi Dampak**
2. **Sample NDA on AMDAL – OKI Mill**
3. **RAN input on ISFMPs**
4. **Senyerang WKS Report – Confidential**
5. **Solutions working group summary w RAN comments**
6. **RAN E-mail re solutions working group summary**
7. **Preliminary Issues with HCV Studies**
8. **Surat WBH OKI – FPIC**
9. **Surat Tuluk Meranti Mei '14**
10. **Surat Suku Sakai**
11. **Datuk Rajo Malayu**
12. **Penolakan Hasil Verifikasi – Lubuk Mandarsah**
13. **Oki Amdal Request**
14. **Bank Track OKI mill exchange**
15. **Surat keluhan sungai baung dan rasau**

ENDNOTES

- i. APP has responded that: 1. communities were informed of the FCP commitments as part of the FPIC socialization process that took place in relation to the OKI Mill development. Some of these meetings took place after NGO's met communities as in the case of Sungai Rasau where residents were not contacted by APP until August 2014; 2. The presentation provided by the company did include information on FPIC but failed to provide detailed information about waste treatment and other key impacts as set out in the company's FPIC SOP 7.1; 3. printed copies of presentations were provided to village administrators (unfortunately village administrators did not share the printed copy more widely with community); 4. Written consent for mill was provided by specific landowners in the two villages Bukit Batu and Jadi Mulya deemed to have land tenure rights but written content from the larger community of persons potentially affected by the mill and has yet to be provided. Further, no written consent or FPIC process had been undertaken from the third village - Sungai Rasau - deemed to have tenure rights over site of OKI Mill development
- ii. see points 1-4 above
- iii. note the following language was deleted from the RA Submission following input from APP: "Further, social groups within the communities were not properly identified or informed that they could choose their own representatives and decide making procedures. The company, (according to the result of our structured discussion with 15 communities, including the heads of the villages and sub-villages), did not give any explanation about the substantial matter of FPIC, such as the people's right to agree or disagree with the mill construction, or provide a document that shows the agreement or disagreement of each part of the village with the mill construction."
- iv. APP response: "There was no new plantation area development across APP supply chain since the moratorium in February 2013. Therefore, Free Prior Informed Consent is not yet applicable."
- v. Same as endnote iv above
- vi. APP response: "Participative land mapping is part of the steps in the conflict resolution in the 5 regencies with PPJ. It is currently still on-going with some area completed and others in process."
- vii. APP responds that "The conflict at Muara Bungkal village has been captured in the conflict resolution action plan (RKP) as a follow up from the conflict mapping" yet results of conflict mapping and action plan have not been shared with community or NGO advisors .
- viii. Same as endnote iv above
- ix. Same as endnote iv above
- x. Same as endnote iv above
- xi. APP response: "The Grievance Field Verification Report in January 2014, has concluded that there is not enough evidence for Sungai Talang Pisang to be determined as man-made waterway. Furthermore, in the report TFT has recommended WKS to rehabilitate the waterway and the riparian area and WKS has stated that they are open to involve the community in this rehabilitation work." Next steps have yet to be agreed so issue remains unresolved.
- xii. APP states that delays have also been due to farmer/community groups involved in mapping process
- xiii. APP responds that the complaint letter sent did not comply with the company grievance procedure as it lacked specificity and maintains that there was a June 18, 2014 field visit including TFT and GP and Scale Up. NGO participants on the field visit contend that no specific agreement or resolution was reached beyond a general intention to improve communication.
- xiv. APP responds that "This (complaint) does not fall under the grievance process, but under the conflict resolution process. This conflict is already identified in conflict mapping, and an action plan to address it has been developed and implemented." This approach is highly problematic in that neither a broad section of community members or their NGO advisors were informed of results of conflict mapping or action plan or involved in developing them. Further, it implies that if APP has identified a conflict then they do not need to consult or be transparent about it.
- xv. APP responds that RPHK was invited to review the report but failed to submit comments.
- xvi. There are conflicting statements from Senyerang community leaders concerning the following statements made in the submission so we have redacted the statement until conflicting statements are reconciled:

"But still, the Senyerang community are not satisfied with the agreement because it does not meet their expectation, particularly regarding the value of profit sharing and the amount of land area covered by the agreement. They had to reach an agreement with the company because they are tired with this process that takes 10 years to solve.

The negotiator team of Senyerang has a limited access to information and expert advice before and during the negotiation with WKS. Although the representative of Jambi Farmers Union were able to assist the negotiator team and belongs to the team, they can not provide a sufficient technical, economy, agronomy, environmental, and legal advice to help the team. It is true that WALHI, Greenpeace, and WahanaBumiHijau (WBH) have met with the negotiator team during the negotiation, but they only provide limited suggestions. The MoUdraft has been reviewed by the government legal expert but the community had no legal advice.
- xvii. APP has requested that more detailed information be provided so follow up and verification can be pursued.
- xviii. APP response: "The mill is not yet built and operational, therefore it is not reasonable to expect that a community empowerment & development program is already carried out by now."
- xix. APP claims that: "A field verification (by APP) in October 2014 states that there is no evidence on destruction and dislocation of communities from their fishing ground and sonor farming areas found by PT BMH at the beginning of its operation in 2005." However, WBH research found community members still complaining about this issue during their field research earlier in 2014. The point is now mute due to agreement reached between Riding Village and APP in November 2014.
- xx. APP states that "The statement "which would be considered in violation of Human Rights" is misleading" since socialization of the FPIC process did take place and information was shared with some village government administrators and community members.
- xxi. APP responds that this is based on hearsay and not verified and that no gross human rights violation occurred

ENDNOTES

xxii. APP has responded that: "APP has handled all grievances in accordance to the grievance protocol; some grievances need field verifications and some others only need clarification thru correspondence. If there is social grievance related to land tenure conflict, the sustainability team will check whether or not the land conflict has been mapped and has the action plan to address it. If so, then the submission falls under conflict resolution process, not grievance process. APP and/or the relevant supplier company will directly communicate with the community to continue the conflict resolution process." As per endnote xiii above, we're concerned that this approach fails to involve communities and their advisors/key stakeholders in conflict mapping and development of action plans and is not transparent or accountable. A major revision of the grievance procedure, conflict mapping and action plan development is required (see recommendations section)

xxiii. APP Responds that:

- FPIC is the requirement to obtaining the free, prior and informed consent of indigenous peoples and local communities, before undertaking development on lands they legally or customarily own and/or use. Before FPIC is undertaken, a critical and key first step is to establish who has the right to FPIC.
- In line with APP FPIC protocol, a land tenure study have been carried out in order to clarify the above. The result of the land tenure study identify that there are only 2 villages and one hamlet where the community members have the right to FPIC: Jadi Mulya village, Bukit Batu village and Sungai Rasau Hamlet (village Riding).
- APP has carried out the FPIC process and obtained community consent from Jadi Mulya and Bukit Batu villages. The FPIC process in Sungai Rasau hamlet will be started in December 2014. APP documented all FPIC process and results.
- Social group analysis was done based on the result of focus group discussion at village and hamlet level.
- During the FGD, it was explained that each of the social group identified have the right to appoint their representatives to be invited to the FPIC meetings."

As per endnote i above, we concede that rights holders are entitled to FPIC and that APP did conduct land tenure studies and some social mapping. However, we remain concerned that consent did not happen prior to construction activities starting or secure consent from the full range of potentially affected rights holding community members. And, in the case of the Sungai Rasau community, we maintain that FPIC has not been obtained.

xxiv. See Footnote I above

xxv. APP responds that:

- Until today, no new plantation development has been established by APP suppliers following the FCP moratorium in February 2013. Therefore, FPIC is not yet required, but the groundwork for FPIC process has started to be laid out by the FMU team in a pilot program in preparation: the pilot FPIC in PT BMH concession.
- Since ISFMP is not yet completed, the pilot FPIC in PT BMH used the result of AMDAL of PT BMH, where it was identified that potential future activity in Sungai Menang district would be impacted to the community in 3 villages, i.e. Desa Sungai Menang, Sungai Ceper and Karang Sia. Meanwhile the activity in District Sungai Gebang would be impacted to Desa Gajah Mati dan Srigading.
- Therefore, a general conclusion regarding APP failure to implement FPIC procedure at PT BMH is premature.

xxvi. APP claims its grievance SOP has been followed. However, we contend that the SOP does not meet best practice and needs a major overhaul as it excludes grievances and complaints that it has self identified via confidential conflict mapping and action plan development thus precluding transparency and participation by affected community and key stakeholders.

xxvii. See endnote xiii

xxviii. See endnote xi

xxix. APP responds: "All grievances have been handled in accordance to the Grievance protocol; some grievances need field verifications and others only need clarification through correspondence. Not all submissions can also be identified as grievance in accordance to the protocol, including those with no clear information regarding the sender and his/her contact information. Furthermore, for submissions regarding community conflict, the Grievance Verification Team will check whether or not the conflict has been mapped and whether action plan to address it has been developed and implemented. If it has been identified and addressed in the conflict mapping, then the submissions becomes part of the conflict resolution process, not a grievance handling process anymore. APP will then inform to the grievance raiser that the issue has been identified and is being resolved through the conflict resolution process, and where applicable, the contact information of the relevant FMU's PIC for this conflict resolution is provided for faster communications between the parties." This response underscores the lack of transparency relating to complaints and grievances. The company gets to decide what gets counted without third party input or oversight. This is not consistent with best practice and underscores the need for major revisions to the grievance mechanism.

xxx. APP responds to this and the previous two bullet points by saying that information on conflict (e.g. conflict mapping and action plans) are confidential because they can be used by competitors to disrupt business. They also state that if they have identified and intend to develop an action plan for how to address it, the conflict is exempt from using the company's grievance process. But, as stated above, we believe this approach violates the intent and letter of APP's commitment and best international practice. It is entirely untransparent, leaving to the company what information is shared or not shared with key parties, it fails to involve affected communities, their NGO advisors or other key stakeholders in identifying strategies and developing actions for resolving conflicts and it leaves entirely to the discretion of the company how to classify conflicts, what information to share about them and how to proceed with them.

xxxi. See endnote xxi above

xxxii. APP states that: "HCS assessment is developed to categorize and area into forested vs. non-forested area. Its development was initially led by Greenpeace and TFT for the palm oil industry. APP is adopting this approach to identify forested vs non-forested area within its supply chain's production forest concessions. The HCS Steering Group has been recently established as a governance and standardization body for the HCS approach' methodology to ensure that it is a practical, transparent, robust, and scientifically credible approach. This is the forum for NGO stakeholders to provide input and feedback on the methodology."